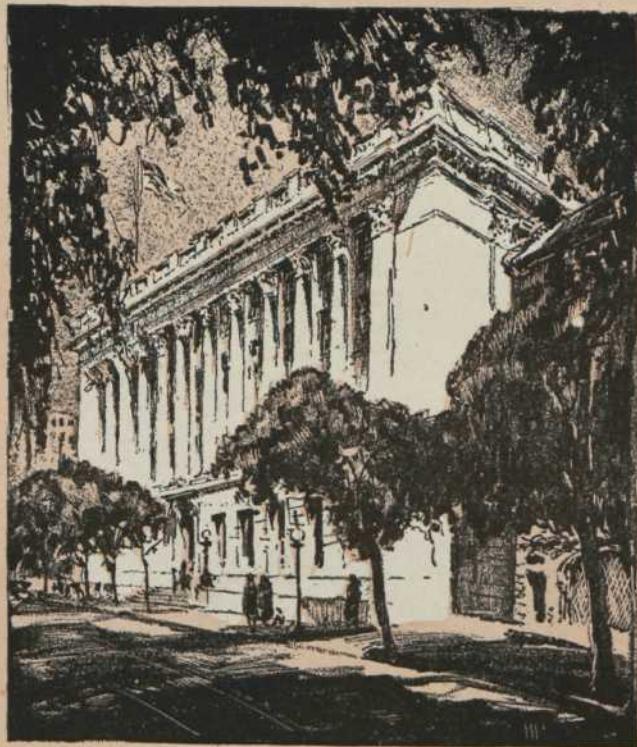


NATION'S BUSINESS

December



1927



Is the Small Factory Doomed?
Thomas N. Carver

Let's Talk Low Freight Rates
Robert S. Henry

That Man Mussolini!
Merle Thorpe

X Stands for Selling Price
William Boyd Craig

Map of Nation's Business, Page 56

Published by the Chamber of Commerce of the United States

A QUARTER OF A MILLION CIRCULATION

SINCE 1858, THE WORLD'S LARGEST MAKERS OF QUALITY BAGS

Now They're Shipping **Paint** in Bags

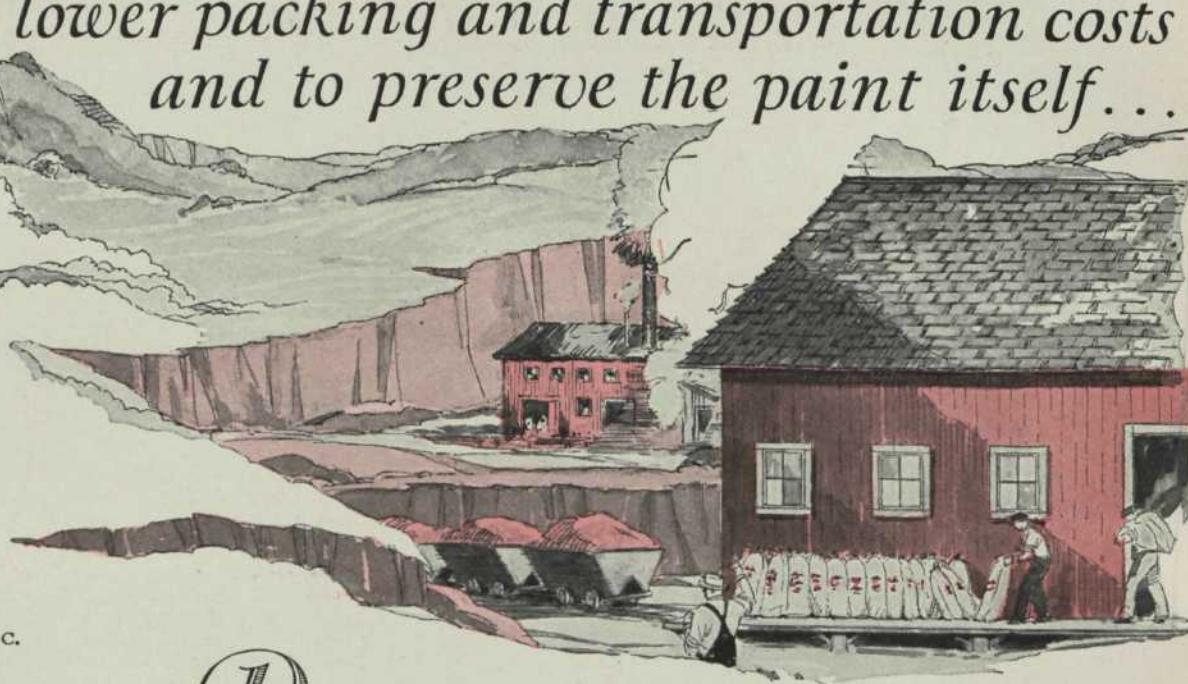
*to lower packing and transportation costs
and to preserve the paint itself...*

Bag Factories
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MINNEAPOLIS
OMAHA
NEW ORLEANS
SAN FRANCISCO
INDIANAPOLIS
MEMPHIS
KANSAS CITY
SEATTLE
WINNIPEG
HOUSTON
BROOKLYN
BUFFALO
WICHITA
WARE SHOALS, S.C.

Cotton Mills
ST. LOUIS
INDIANAPOLIS
BEMIS, TENN.

Bleachery
INDIANAPOLIS

Paper Mill
PEORIA



DRY paint, of course—and that's the point—the paint must be kept dry, from the time it is packed until it is mixed and used.

So they ship dry paints in Bemis Waterproof Bags—which protect the paint from loss and deterioration in freight cars and from the elements on platforms and in open trucks.

There's a saving, too, compared with the old way of shipping in barrels—a saving in costs of handling, freight, and storage space—not to mention a lower initial cost.

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Manufacturers and Engineers

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Please send me without obligation, literature, suggestions and further information about your building service. I am interested in a building to be used for _____

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NB 12-27

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STEEL LINTELS
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*Ask Your I-P Dealer
~he's a Loose Leaf Doctor!*

THE dealers who sell Irving-Pitt loose leaf products feel a professional interest in the business life of their communities. Their knowledge of loose leaf forms and books certifies them as business counselors in the matter of proper record keeping.

Irving-Pitt dealers and their salesmen are loose leaf specialists. They realize that sound accounting is the backbone of wholesome business conditions—and they constantly study in order to prescribe the correct loose leaf forms.

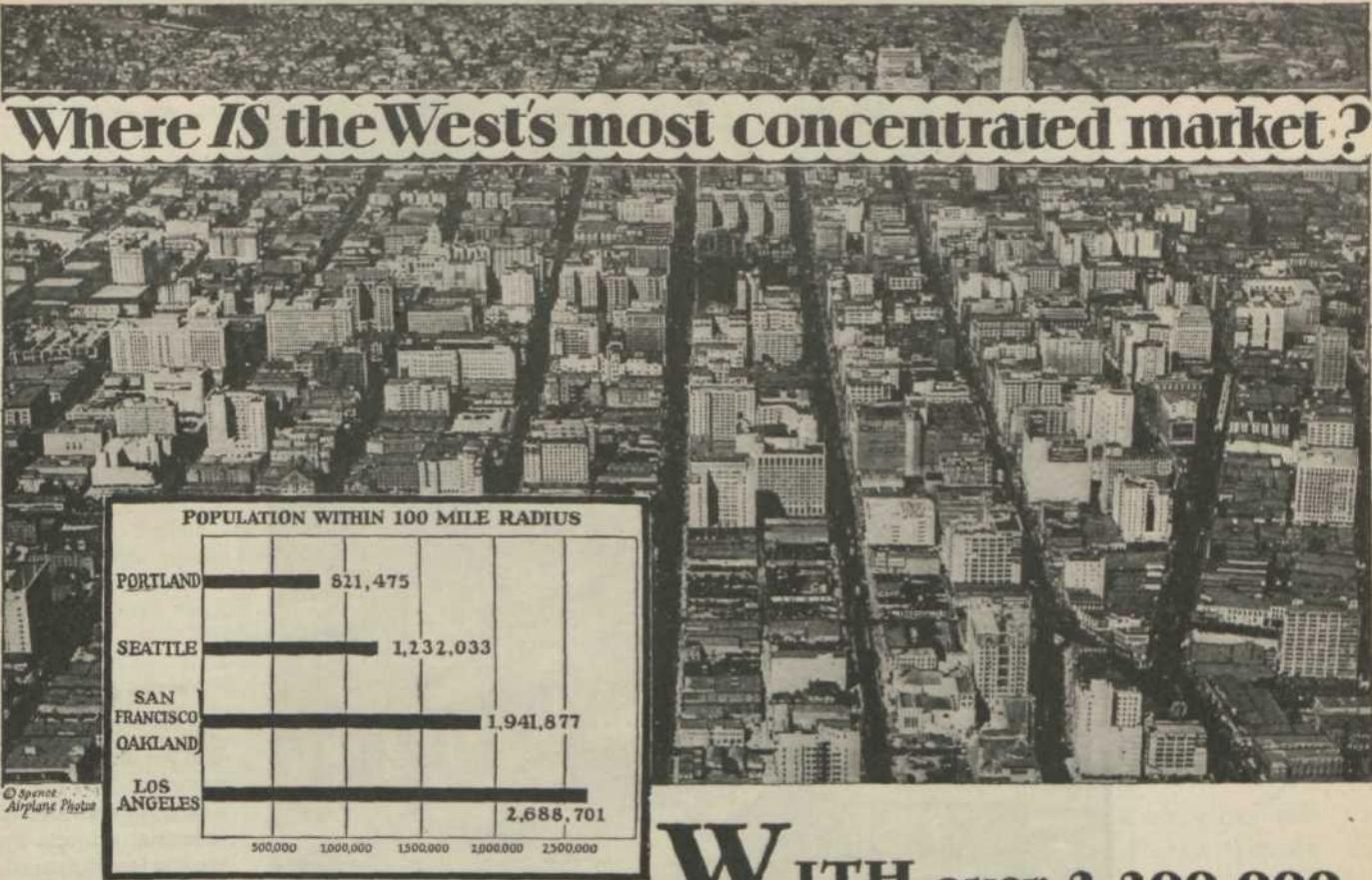
We maintain a year 'round Loose Leaf University for our dealers. Classes are held both in our central offices and "on the road." Lessons by correspondence supplement the class work. Irving-Pitt dealers can give you intelligent cooperation in the selection of anything

from memo books to complete accounting systems. Are *you* getting 100% results from your present accounting methods? Have you a concise daily picture of your entire business? Do you know at the end of the day whether you have made money or lost it?

Is your sales department making the gains you expect? Is your stock in *all departments* turning over with the desired speed? Does your credit department find sailing smooth? Your dealer will gladly explain I-P "Records That Talk"—which tell you all this information.

Get acquainted with your Irving-Pitt dealer. Phone him or ask him to call. Get him to show you—or write us for our valuable new catalog-manual, "Worth Keeping—Records That Talk." You'll find it as handy as a dictionary.





WITH over 2,200,000 population in Los Angeles County and more than 3,000,000 people in the 14 Southern California counties, 40% of the coast market is within local distributing and trading radius.

This concentrated market is attracting the attention of large industries alert to Westward and Oriental expansion.

These nationally known manufacturers after most careful investigation, have recently established new plants in Los Angeles County.

Los Angeles County manufacturers distribute with economy and dispatch,

FORD MOTOR COMPANY
B. F. GOODRICH RUBBER COMPANY
FIRESTONE TIRE & RUBBER COMPANY
S. KARPEN & BROS.
KROEHLER MFG. CO.
NATIONAL BISCUIT CO.
ILLINOIS GLASS COMPANY
AMERICAN MANGANESE STEEL COMPANY
CONTINENTAL CAN COMPANY
TRUSCON STEEL COMPANY
SEARS, ROEBUCK & CO.

by rail and ocean routes to Western and Export trade.

Unusual proximity to raw materials...cheap fuel... abundant water and power at low rates... labor free from strife...a world harbor... unexcelled ocean and rail transportation...low plant overhead... high efficiency

... all make Los Angeles County the Industrial Magnet of the West.

*[Specific information gladly furnished to prospective industries]
by Industrial Department, Los Angeles Chamber of Commerce]*

INDUSTRIAL LOS ANGELES

**"The Crater"***from THE WONDER OF WORK*

We are privileged to reproduce here one of a series of drawings of industrial subjects by the late Joseph Pennell, one of America's great artists. Courtesy of the J. B. Lippincott Co.

TO MANUFACTURERS OF QUALITY PRODUCTS

Your Hidden Values

THE fine products you make are more than they appear. All that has gone into their making cannot be visible on the surface. One must know them to know their character.

Here is a factor in your business and in ours.

With infinite care we make important products which stand in the market alongside goods that resemble them in some unimportant points.

The unimportant resemblance brings other products some acceptance. But it is only real quality that brings the recognition which our products in service have gained—which has earned for us world leadership in the field of lubrication.

Infinite care—An example
The Vacuum Oil Company's Engineers recently were brought together for an International Conference. Men from every important engine-building country met daily for six weeks for this single purpose:

To study the specific lubrication problems presented by one rapidly developing group of engines—and to standardize recommendations for their correct lub-

brication throughout the world.

We find that continual research is essential to effective plant lubrication. Our scientifically selected oils offer the following advantages:

Uninterrupted service—because of fewer machine breakdowns.

Greater mechanical efficiency—because of minimum friction.

Economy in lubrication—because of less oil required.

Reduced machinery depreciation—because of less wear.

As effective lubrication should be constant, our service is continuous. After we are engaged to supply lubrication we keep in regular touch with the plant personnel and, with their cooperation, maintain desired results.

Our oils and our services, used by quality manufacturers and builders of mechanical equipment throughout the world are at your command.



Vacuum Oil Company

HEADQUARTERS: 61 BROADWAY, NEW YORK. BRANCHES AND DISTRIBUTING WAREHOUSES THROUGHOUT THE COUNTRY

When writing to VACUUM OIL COMPANY please mention Nation's Business



PARADOXES in a month's news: Chemists produce silent gears for machinery . . . and "Better Hearing Week" is observed. Lloyd George sees peril in arms . . . and shipwrecked Americans beat off Riff tribesmen with hail of fruit. Political volcano seethes in Indiana . . . and St. Louis recovers from wreck of tornado.

Bell Telephone Companies oppose melon cutting . . . and Western Union grants pay increase of \$1,500,000. Family life is on firm foundation, Buffalo conference holds . . . and New York minors rush city chapel to beat marriage-age-limit law. Dr. Joseph McComas says life did not originate in the mire . . . and \$6,000,000 profit is seen in Brooklyn ash contract.

Navy Day is celebrated in the United States . . . and the Cunard Company improves two old liners. Beethoven is picked as radio favorite in America . . . and jazz is played in Jerusalem. New York begins its census of commuters . . . and a lawyer attaches a Pennsylvania locomotive to satisfy a judgment.

Irish oppose anti-Irish films . . . and movie men meet to draft a code of ethics. Mayor Walker receives huge cheese from Swiss admirers . . . and Ambassador Morrow is convoyed by armored motor cars in Mexico. The Rev. Dr. Turnbull extols missions as aids to trade . . . and a billion in capital is raised for European chemical trust. Oregon warns against kissing as child paralysis spreads . . . and Mayor Thompson plans Chicago bonfire of British books.

Dr. Wise asks Ford to prove good-will to Jews . . . and "Abie's Irish Rose" closes long run at end of 2,327 performances. A forty-two-story office building is planned for Fifth Avenue . . . and eight hundred window cleaners strike in New York. Army gunners are now able to hit a plane in the dark . . . and the Red Cross aims for a million-dollar margin.

S. Parker Gilbert protests pay increase for German civil service employees . . . and Kaiser says God may call him back. England finds rheumatism the greatest of industrial thieves . . . and labor disputes cost New York State 7,529,989 working days in one year. Head of English-speaking Union sees speech a force for peace . . . and Legion's fists fly in Brussels.

WHEN the Lord Chief Justice of England told the American Bar Association of "the restless pretensions of bureaucracy" in England, he was too sensible of what is becoming a guest to affirm that a similar tendency exists in the United States. But on his return to England he did say that his warning against the subtle encroachments of the bureaucratic temper "seemed to touch a responsive chord in the United States."

It was at Buffalo that Lord Hewart de-

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(Lithograph on cover by Herbert Pullinger)

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No. 13

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As the official magazine of the National Chamber this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers to which expression is given.



Saving Money for the Customer

A poultry dealer in Iowa shipped 200 boxes of chickens to an agent in New York, who had engaged to dispose of them. Later, the shipper felt that his interests were not being properly looked after and through his local bank instructed the American Exchange Irving to take over the shipment.

The warehouse receipt for the chickens, which were in storage, was obtained and the transfer was made. When the shipper failed to find a buyer, this Company came to the rescue. Bids were asked for and the highest offer was telegraphed to the shipper's bank with the result that the sale was made and the owner was protected from loss.

The Out-of-Town Office of this Company takes every precaution to safeguard the interests of its customers.

OUT-OF-TOWN OFFICE

AMERICAN EXCHANGE IRVING TRUST COMPANY

Woolworth Building, New York

clared there is today "a marked and increasing tendency of bureaucratic pretensions, the essence and aim of which are to withdraw more and more matters and topics from the jurisdiction of the courts and to set them apart for purely official determination." From his own experience he was at no lack to give plausibility to his fear of a government "by a vast army of anonymous officials, hidden from view, but placed above the law."

Certainly no one who has watched the increase in the bureaucratic tendency can pronounce his fear unfounded. All the more insidious is the danger because it excites public concern only when its consequences are unbearably oppressive.

In England the government bureaus have given judges occasion to complain of action taken "without any nice consideration whether it is legal or not," that they have "exercised their power for collateral objects," and that they have made claims which were "grotesque" or "tyrannical." A deeper significance comes to sight with the charge that the bureaus "take up the position of an autocrat," free to act as they please, and claim "the right to act without regard to legal principles and without appeal to any court."

A parallel in our own country is not hard to find. But more than a public consciousness of its existence is needed to keep bureaucracy within tolerable bounds. The innate tendency toward expansion must be vigilantly opposed if it is not to override our fundamental concepts of government with presumptuous jurisdictions.

Useful in directing the public interest toward the active state of bureaucracy in America are the representations made to President Coolidge on October 28 by President Pierson of the Chamber of Commerce of the United States. It is to be hoped that they will not only "touch a responsive chord in the United States," but more, that they will strike that chord sharply and effectively.

COMMENTS from bricklayers might reasonably be expected to take the character of their product. Yet we are inclined to see a bouquet in the recognition accorded one of our editorials by the Ohio Brick Manufacturers Association. Of the page "To Any Maverick or Throwback" in the October issue, Glenn W. Bittel, the secretary, writes to his members:

If any of our members need anything to satisfy themselves regarding the wisdom of belonging to their Brick Association—if they need any ammunition with which to influence others to join their Association, they should be sure to read the editorial in the October number of NATION'S BUSINESS. It is impossible to quote in this short space the splendid presentation of the importance of trade association membership.

IN THIS column of radiance and gospel we have sung the lilting paean of praise to certain research activities of the Federal Government of the United States of America.

We pointed out the importance of its booklet on "Raising Hogs by Logarithms"; the 379-page book on "How to Train Grocery Clerks"; the contribution to science of Curtain-hanging; and last but not least,



It used to take 9 hours, Now done in 20 minutes.

**R-W OveR-Way System also saves
2 men who formerly moved material**

**E. W. Greeno, President The C. L. Greeno
Company, Cincinnati, says:**

"The Richards-Wilcox OveR-Way System installed when our Cincinnati factory was built in 1921, has been added to so that at present we have over 1000 ft. of track, reaching every part of our factory and shipping room. As our springs and spring seat frames are made, they are hung on carriers, suspended from two R-W Ball-Bearing Trolleys, which they never leave until they reach the shipping room."

"Before the OveR-Way system was installed, enameling was such hard, dirty work that it was difficult to keep men on the job. In consequence, the enameling could not keep up with the manufacturing."

"Now one man sends the loaded carriers through the tempering oven where they are heated to 600°, lowers track, carriers, and load into the dipping tank,

and then puts them in the baking oven—doing in 20 minutes what it formerly took three men three hours to do. The R-W OveR-Way System also saves two men who formerly moved material."

"The OveR-Way System, together with the efficient layout of the plant, has increased our capacity about 200%, with practically no extra machinery and less labor. It has made our work continuous instead of coming in batches, saved the cost of at least one additional oven, and reduced material handling to two operations."

"The OveR-Way System has given no mechanical trouble, required no replacements, and needed no maintenance except oiling trolleys and switches."

"Saving four men—about \$5000 a year—as well as the investment and operating cost of another baking oven, the OveR-Way System pays for itself every two years. We feel that we could not operate without it."

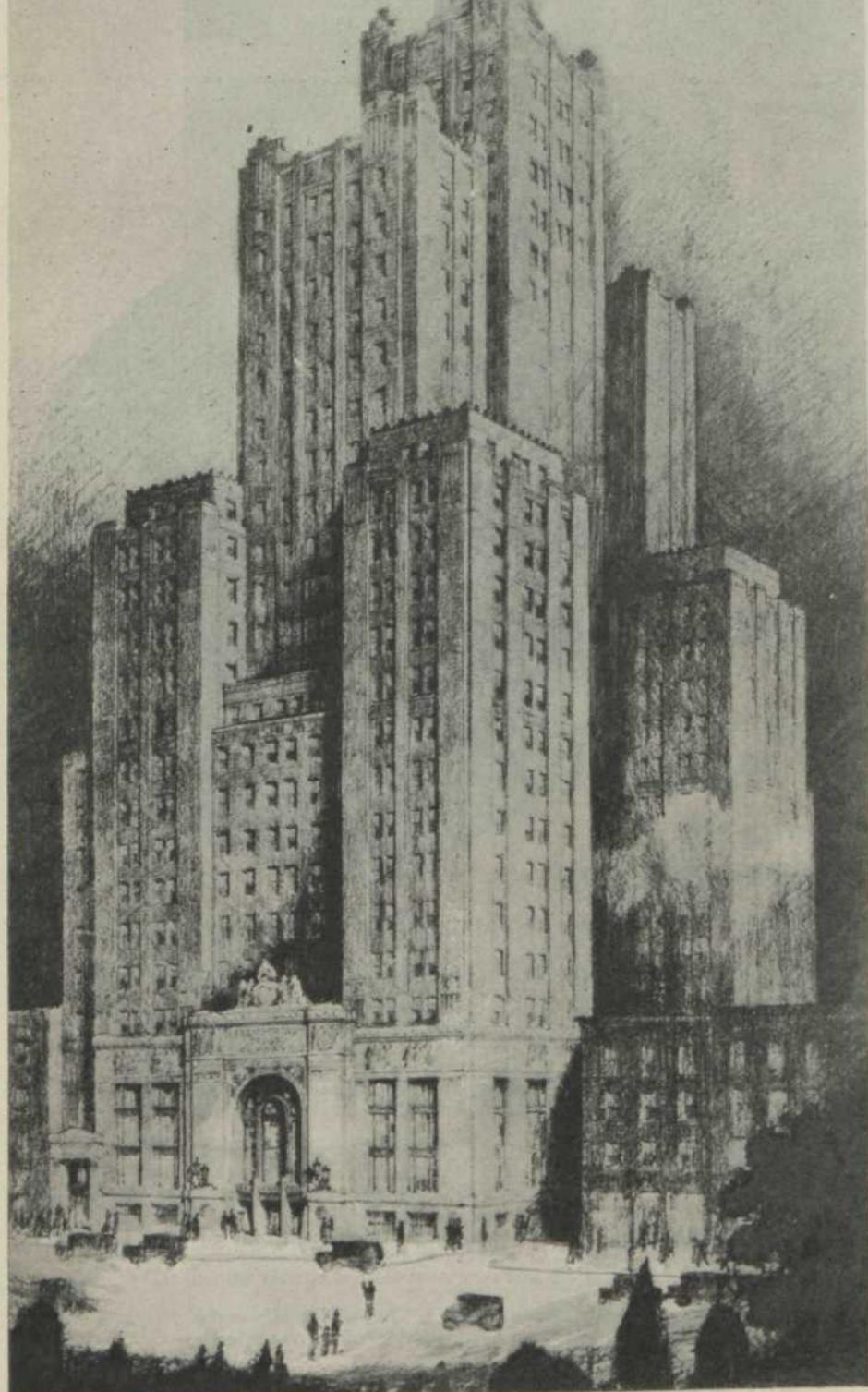
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ARTISTIC DURABLE

SANITARY FIREPROOF



the brochure (fully illustrated) on the "Love Motif of the American Bull Frog."

We should not be fulfilling our entire duty to our subscribers if we did not at this time call attention to the conclusion of a masterly research job of the Bureau of Agricultural Economics.

It has investigated the habits of "3,000 representative families," and profoundly announces that more apples are eaten raw than are cooked into apple sauce. The effect of its conclusions that only 15 per cent of the apples go into apple sauce, while 11 per cent go into pies, 13 per cent are baked and 3 per cent converted into salads, will undoubtedly, when the facts become fully known, create something like unto a near-revolution in the eating and buying habits of the nation.

When the Bureau has regained its equipoise after this trying ordeal, we suggest that it devote a similar study to the homely but virtuous head of cabbage. For many years we have been disturbed as to the percentage of cabbage which goes into slaw to the prejudice of the succulent sauerkraut.

THREE noteworthy names have been proposed for membership in our Fewer-Laws Club this month. From Kansas City, a trusty member proposed the name of Senator James Reed, and his qualifications for membership are set forth in his recent declaration that each citizen have the right to regulate his own personal conduct, chart his own course through life, and to control the affairs of his own household.

Furthermore, the Senator says:

Let us reassert the truth of the doctrine that:

If this people are to remain free, loyal self-government and the sovereignty of the states must be preserved; the federal power should be brought within the limits, not only of the letter, but also within the spirit of the Constitution; that the march of centralization must be arrested; that government by boards and bureaucracies must cease.

Let us demand the honest administration of government; the swift and sure punishment of all public plunderers, bribe-mongers, and other malefactors; the equalization of the burden of taxation; the repeal of all laws creating special privileges; the dismissal of an army of spies, snoops, sneaks and informers; the liberation of honest business from oppressive interference by governmental agents; the prosecution and punishment of those who, by trusts, combinations and restraints of trade, make war on honest business and despoil the people.

From Hagerstown, Maryland, a subscriber nominates Governor Ritchie, who said that neither society nor business should look too much to legislation to solve its economic or social problems. Governor Ritchie went on:

Organized business can be more effective to prevent abuses and punish wrongdoing in its own ranks than is the Government armed with the letter of the law.

On our own initiative we nominate Col. Charles A. Lindbergh, transatlantic flier, who, in an interview at the White House, suggested:

The majority of transoceanic fliers start without proper organization, experience and

equipment. However, I think it would be foolish for the Federal Government to enact legislation in an attempt to curb transoceanic flying.

WHILE these nominations denote activity on the part of the members of our Club, we should not be blinded to the fact that there is still work to be done. Consider the suggestion of a leading citizen of New Orleans, Harold W. Newman, who proposes that the Federal Government should establish a bureau to examine all chauffeurs, license all automobiles, and control the traffic in all American cities. He advocates the present-day popular centralization big stick, namely, that federal jurisdiction could be acquired by withholding federal funds for road-building from any state which did not agree to this form of Washington control.

Our New Orleans chapter should be up and doing. We hereby pass the flaming torch along to Brothers Pfaff, Simon and Maught.

LACKING only the dollar marks to make a thoroughly Rooseveltian bogey, this bulbous figment of Mr. Duffy's fancy found a place in the *Sun* of Baltimore. Who could mistake the mock pathos in the



plight here portrayed? Who could blink that badge of predatory plutocracy, "The Interests"? It all savors of the days when "the big stick" and malefactors of great "wealth" were current political catch-words—a throwback to the days when demagogues batten on the muteness of the business community.

But not alone does the crayon indictment stand. Whether by a larger editorial sense of proportion, or through an inspired perversity of make-up, the *Sun* contrives to shine for the present order of business. For on the same page it agrees that

of the growing belief that the old anti-trust laws call for liberalization there can be no question, and it must be admitted that not all who share the belief are public plunderers,

HERE is "The Sunshine City" as you would see it from an airplane. On the left is Mirror Lake; on the right is Tampa Bay and the beautiful Recreation Pier; in the center is St. Petersburg's business section.



Photo by Blake ©

Everyone Has a Good Word for "The Sunshine City"

WHEREVER you are, wherever you may go, you will find that everyone who has visited St. Petersburg has a good word for "The Sunshine City." It is only natural to infer that there must be a sound reason for such universal favor. And there is!

St. Petersburg has not "just grown" to its present enviable position as one of the leading resort centers of America. Nature, it is true, gave this city the advantages of a marvelous climate and a matchless location. But to these the citizens of St. Petersburg, with a definite plan, have added almost everything possible to make it an ideal community in which to live, a most delightful playground, the resort metropolis of Florida's Gulf Coast.

All Kinds of Fun

Among other things the Sunshine City has provided what is believed to be a greater variety of recreation and entertainment than is to be enjoyed in any other city of the South. There's never a dull moment here . . . always something doing and something to do. Golf on four courses . . . yachting, boating, and fishing on the Gulf and Tampa Bay . . . swimming, horseback riding, aviation . . . motoring on the

best of highways . . . tennis, archery, lawn bowling, roque, quoits, shuffleboard, horseshoes . . . everything!

There's Big League baseball (the New York Yankees and Boston Braves train here). There are boxing bouts weekly. There are free band concerts twice daily in Williams Park. And there's the municipal Recreation Pier, one of the finest in the world. Theaters, concerts, lectures, dancing. Festival of the States . . . regattas . . . tournaments . . . conventions . . . the list is almost endless.

And, of course, ample and excellent accommodations have been provided—100 hotels, some 300 apartment houses, and hundreds of furnished homes. Living costs are moderate. Everywhere you'll find real hospitality.

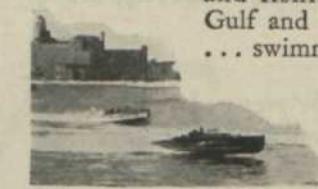
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M. M. CONANT,
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St. Petersburg, Florida.

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Florida
The Sunshine City

"Products of this company are found in more than 40 foreign countries"

W. H. LOWE, Assistant General Manager



Plant of the Paraffine Companies, Inc.

Oakland's Location Makes Wide Distribution Possible

THE Paraffine Companies, Inc., one of the largest manufacturing units on the Pacific Coast, has found Oakland a most advantageous location for its operations, according to W. H. Lowe, Assistant General Manager. He states:

"In 1884, the present site of the Emeryville (Oakland) plant was first chosen by this institution. The reasons prompting this selection were simple but practical.

"First, was the close proximity to sources of needed raw materials and to stable supplies of high-grade labor.

"Second, it was most advantageously situated in reaching a large and highly-profitable local market.

"Third, the city had excellent rail and water facilities for reaching distant markets.

"The judgment of the company has been thoroughly justified. The products of this company are found throughout the United States and in more than 40 foreign countries. This wide distribution could only have been accomplished with the aid of superior rail and water shipping facilities, which no other industrial district on the Pacific Coast can equal."

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"We Selected Oakland." The above statement of The Paraffine Companies, Inc., is from only one of many nationally-known concerns which have given their reasons in this booklet for finding the industrial area of Alameda County to be the most advantageous location on the Pacific Coast. A copy will be mailed you for the asking.

A technical industrial report will be prepared for any interested manufacturer on request.

Write Industrial Department

Oakland Chamber of Commerce - Oakland, California

or the Chamber of Commerce of any of the following cities:

Alameda Berkeley
Centerville Emeryville Hayward Irvington Livermore
Newark Niles Pleasanton San Leandro

actual or potential. The business rule of the day in this country is cooperation. . . . and further, when considering the tendency to group utilities under one management, if the public is not satisfied with results in every instance, it still holds the present order to be immeasurably superior to the old. That experience underlines the perhaps too enthusiastic demand for railroad consolidation which was anathema as late as twenty years ago.

In this text is the cautious admission that "big business" is not so bad as it is frequently painted. But the fact is, it never could be, as the public is happily coming to know.

THE COVER decoration this month is a lithograph of the National Chamber Building, by Herbert Pullinger, of Philadelphia.

Thomas Nixon Carver, who contributes "Is the Small Factory Doomed?" has been professor of political economy at Harvard since 1902, whose contributions have had no small part in molding the economic thought of the present generation.

Herbert N. Casson is the editor of *Efficiency Magazine*, of London. Thus, he has a ringside seat for Britain's economic battle. More articles by him will appear from time to time.

Robert S. Henry is public relations director of the Nashville, Chattanooga and St. Louis Railway.

Frederic H. Hill, engineer and financier, is vice-president and general manager of the Elmira (N. Y.), Water, Light and Railroad Company, and president of the Elmira Association of Commerce.

Julius H. Barnes is a director and an ex-president of the National Chamber. He is also one of the leading grain exporters of the country and vice-president for the United States of the International Chamber of Commerce.

Fred Kelly, Chris Batchelder, Merryle Stanley Rukeyser and Frank Greene are among the other contributors whose names are well known to NATION'S BUSINESS readers.

Warren Bishop, William Boyd Craig, Robert Barnes, and Chester Leasure are members of the editorial staff of NATION'S BUSINESS.

GIN NOTICE

We will open our gin Monday morning, September 26.

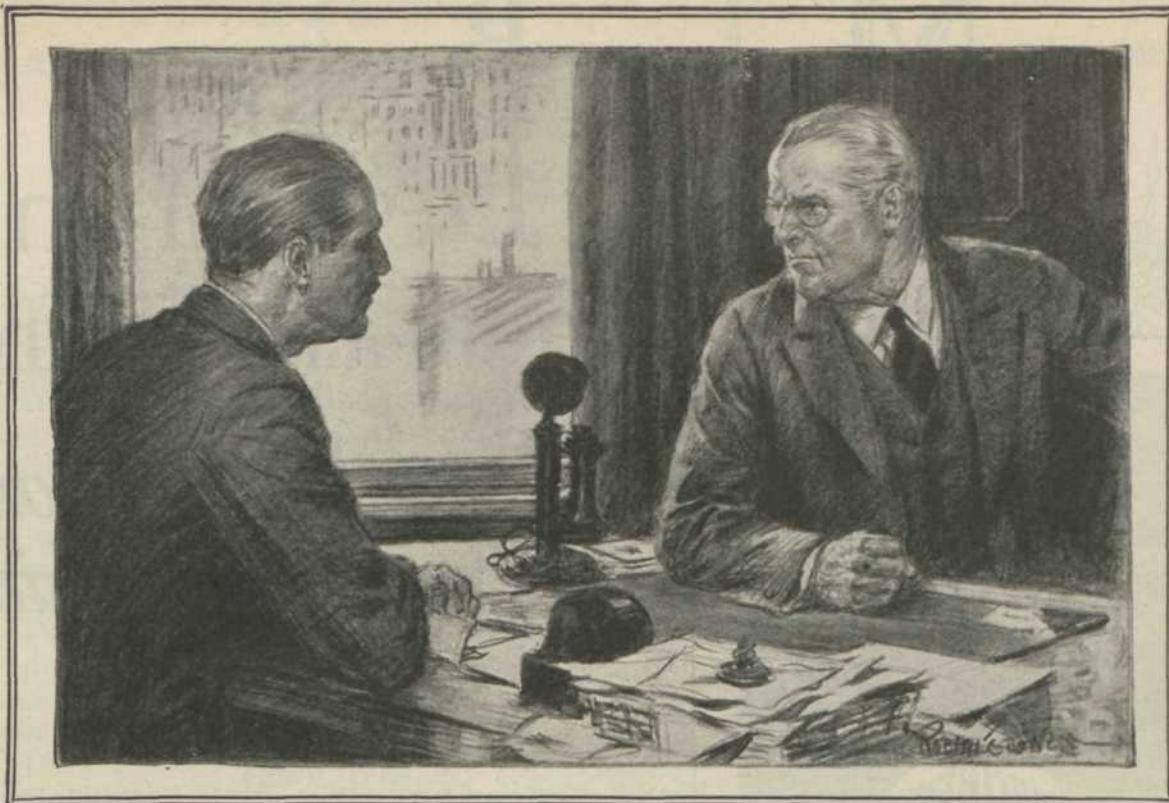
THE ABOVE, taken from the *Silver City* (North Carolina) *News*, speaks for itself in a loud, clear voice, but is open to misinterpretation. Which reminds me of a conversation overheard by a member of the Chamber's Mississippi Flood Committee while in the South recently. One fellow said to another:

"How did old Hiram White make his money?"

"Why—cotton gin!"

"My God! Are they making it out of cotton now?"

M.T.



“Next January has got to tell a mighty different story!”

“Last January at inventory time and the January before and the one before that—it was the same old trouble, Ned. We were going to do this, and avoid doing that, but here we are again, right back where we started from!

“It’s got to stop. Over-production on this item, constant shortage of that one, sales lost right and left, mill constantly in a jam, and production all messed up. We’ve gotta beat it somehow!”

* * * * *

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N. B.—12-27

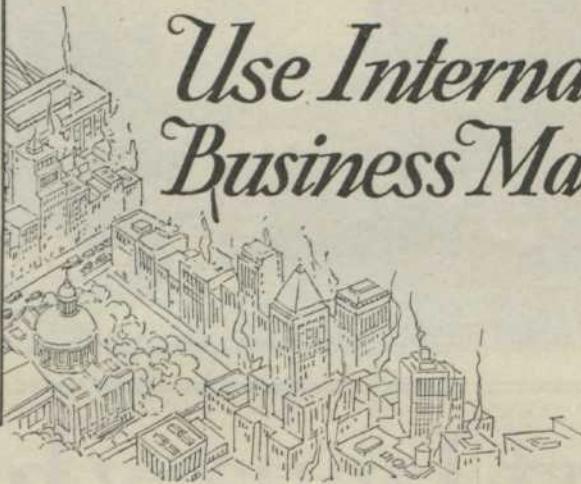
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The Romance of Business

BY MERLE THORPE

THE BUSINESS man today has to run like the devil in order to stay where he is.

We are experiencing widespread prosperity but it has been aptly called a "profitless prosperity." Business men are working harder than ever before to make ends meet. Why, then, do they seem to find such zest in carrying on?

For many of them, it is not a bread-and-butter fight. Many could retire and view the struggle from a sheltered grandstand.

Does not the reason lie in the fact that business today is one grand and glorious adventure? It is not the drab, money-grubbing, sordid, dull and stupid activity which certain modern writers picture.

Human nature has always needed an outlet for its venturesome spirit. Pioneering days brought with them the hazards of wild animals, Indians, starvation. Or man, in shining armor and mounted on a white charger, rescued a fair lady in distress. Or he joined his fellows in a crusade against the infidel.

Those days are gone. Comes business with its romance and adventure to satisfy the souls of men.

Consider the American business man! Strategy, resourcefulness, keenness, quickness of decision, he must have. These are the bone and sinew of adventure.

I have a friend in New Haven today who is fighting to get a shipment of alarm clocks through the fastnesses of the Himalayas.

Out in Cleveland, a few years ago—as time flies—a man named White was peddling his candies from door to door. He observed us chewing toothpicks and straws, and said, "I'll capitalize that idiosyncrasy." He went to Yucatan and taught us to chew—God

save the mark!—one hundred million dollars' worth of gum a year.

And there died recently in Columbus, Ohio, a man named Ohio Columbus Barber. He lived his adventure. He dipped the tall spruce into phosphorus and gave us matches, that we might discard the primitive tools of our ancestors. His was the romance of becoming the world's greatest matchmaker.

Romance and adventure! A business man lives it from morning till night.

What triangles of interest his unopened mail holds for him! What new situations will develop! What obstacles—real obstacles, rather than the imaginative ones of fiction writers—will be thrown up! What new daring and resourcefulness must be employed before nightfall!

The present-day heroics are the heroics of business. The fine flower of business adventure and romance has come to full bloom in the United States, under the philosophy of "individual reward for individual merit."

We are quick to resent any encroachments upon this philosophy when applied to politics. We want a farm boy in Vermont given the chance and opportunity to become President of the United States.

We are not so quick to resent an encroachment upon this philosophy in business affairs. We are too ready to allow government bureaus and commissions to restrict and hamper individual initiative. Yet it is as important to our industrial and, indeed, our spiritual life, that full freedom be allowed for individual effort in every line of business. For therein lies the opportunity for the development of that interesting and necessary side of our nature—the romantic and adventuresome.



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That leaders of the nation's business approve The Austin Method is indicated by the repeat contracts awarded for industrial plant projects of every type and size.

If your firm is contemplating new construction or the extension of existing facilities, the nearest Austin office will be glad to supply all necessary information in the shortest possible time.

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Is the

SMALL FACTORY DOOMED?

by THOMAS N. CARVER

Professor of Political Economy, Harvard University

Cartoons by Stuart Hay

HOW large must a manufacturer be in order to be called *large*? How small, in order to be called *small*? It is impossible to answer in physical terms. The question is not in reality a static one; it is a question, rather, of dynamic tendencies in a changing situation.

Perhaps the best way to begin the discussion is to ask: Must the scale of production continue indefinitely to increase, or are there limits to the superiority of large over small scale production?

If there are no limits to the superior economies of large scale production, then there can be no economic check on the tendency of the large manufacturers to crowd out the smaller ones, or on the tendency toward the concentration of every industry in smaller and smaller numbers of larger and larger units. If that were true, we could say confidently that the days of the small manufacturer were numbered.

If, on the other hand, there are limits to the superior economies of large scale production, then there will be somewhere a check on the tendency toward concentration. Industries that grow beyond the point of maximum economy will be at a disadvantage instead of at an advantage in economic competition. Those establishments which are too large will be eliminated as surely as those that are too small.

Before we can go very far with this analysis, we must distinguish between

two widely different meanings that are commonly attached to the word *superior*. When we speak of the superiority of large scale production, we may mean, on the one hand, a genuine economic superiority which consists in the capacity to turn out a larger or better product with a given amount of human effort. We may mean, on the other hand, a kind of spurious superiority which is merely superiority in bargaining power.

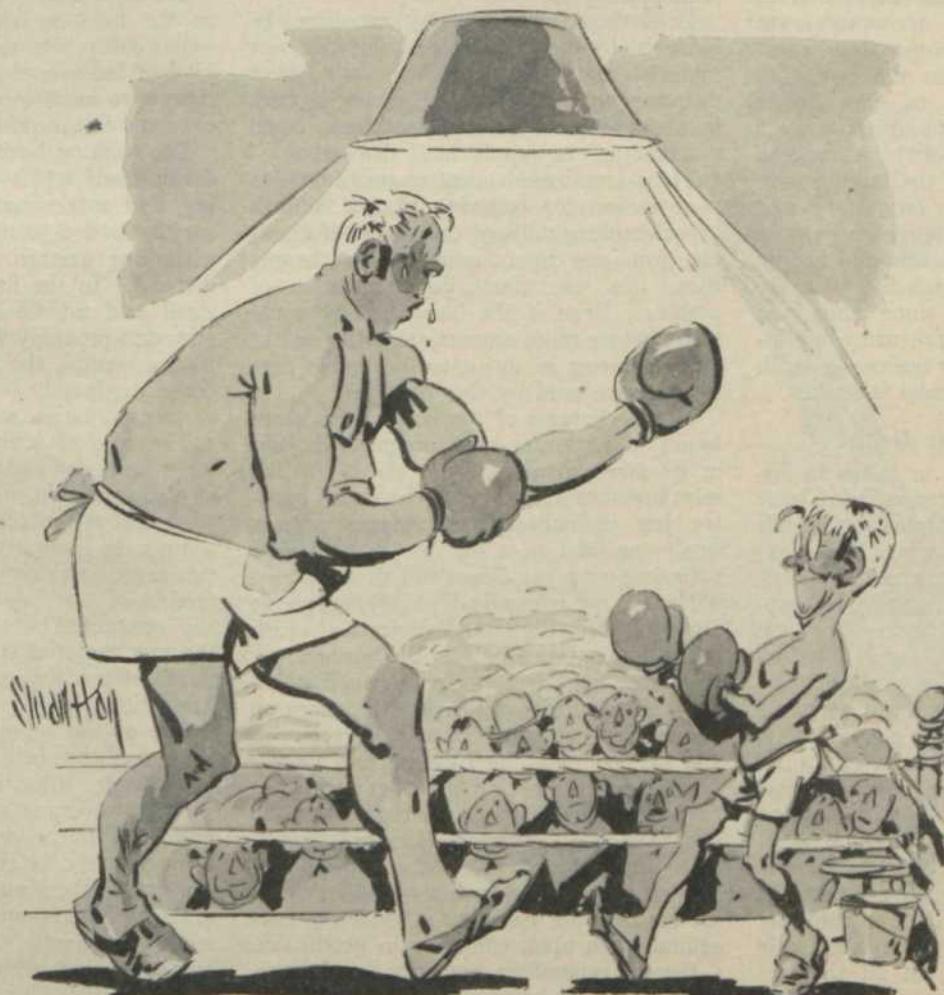
By superior bargaining power is meant power to buy and sell on better terms than one's rivals. It includes the power to sell securities as well as products, to buy labor as well as raw materials, to buy and con-

trol patents as well as physical properties. Many of the supposed economies of large scale production turn out to be, on analysis, mere advantages of large scale bargaining.

So far as large scale production is advantageous; that is, so far as it increases utility or decreases cost in terms of human effort, it is useless to try to preserve the smaller and less efficient producer. In so far as the large concern merely gets business away from a smaller rival by means of its superior bargaining power, there may be reasons for suppressing it. Being able to own and control a great many patents

covering many phases of production, and to hire abler or more unscrupulous lawyers to prosecute every alleged infringement, the large concern may be able to terrorize a given field of production, to reduce competition, and therefore to achieve a partial monopoly for itself. A large concern, well entrenched behind patents, may be making a large profit on the greater part of its business and thus be able to carry some side line at a loss for a considerable period. In doing so it drives other producers out of the field.

The ability to buy on more favorable terms than one's smaller rival may enable the large concerns to sell the finished product to consumers on more favorable terms. The consumers are very likely to imagine that they are getting the product of supe-

*"There is still the small sized manufacturer holding his own"*

rior manufacturing efficiency, when, as a matter of fact, there may be no superior manufacturing efficiency at all. Even Mr. Ford, with all the actual economies which he has introduced into his plant, is a notoriously hard bargainer when he purchases raw materials and such parts as he does not manufacture himself. One great

fectly valid physical reason can be given, and it is not necessary to resort to vague generalities.

Wherever any expensive piece of equipment is necessary for the most economical production, the scale of production must, of course, be large enough to utilize that piece of equipment up to its capacity.



department store is said to be merciless in its exactions of special rates, discounts, etc., when it buys its stock of goods. The customers think that the store is efficient whereas its efficiency merely consists in its ability to beat down prices to the producers.

This superior bargaining power has many phases. It includes not only the power to browbeat producers into accepting lower prices than they will accept from small concerns. It includes also the power to borrow on better terms, to have bigger show windows and signs, to advertise more glaringly, and in various ways to make a more vivid impression on the buying public even though it gives us no better terms than the small one. This bargaining power also includes the power to hire and fire its labor force more cold-bloodedly, to make use of that most useless thing sometimes called the industrial reserve army, to increase its labor force when business is brisk and decrease it when business is slack.

Will Waste Offset Gains?

IT IS a pretty safe rule to follow in discussing the so-called economies of large scale production to be extremely skeptical until you are shown just where the economy lies and that there are no factors of waste which will offset the proved economies. Generally if there is any superior economy in large over small scale production there is a physical or a mechanical reason for it, and that reason can be pointed out with considerable particularity.

These mechanical reasons are, of course, numerous. A steel rail, for example, could not be economically manufactured except in a plant with powerful rollers and other machinery in proportion, driven by powerful engines. Such a plant once installed must be kept reasonably busy if costs are to be kept down. This means large scale production. It is typical of all the real economies of large scale production wherever they exist. In all such cases a per-

Again, wherever, through large scale production and a higher degree of specialization, motions can be saved in changing from one kind of work to another, in laying down one tool and picking up another, or in turning heavy pieces of material instead of moving them in a straight line, there are, of course, demonstrable economies in large scale production.

Even these, however, may sometimes be balanced by disadvantages in shipping raw materials and finished products over longer distances than would be necessary if large numbers of small establishments could manufacture to supply local demands.

These sound mechanical reasons furnish a poor reason for believing that a concern manufacturing millions of pounds of chewing gum can manufacture more cheaply than one manufacturing hundreds of pounds. Even if the large factory could manufacture more economically, the cost of manufacturing is an almost negligible part of the price paid by the consumer.

The advantages of the large concern are found in its larger sales organization, not in its large manufacturing plant. A big sales organization covering the entire country has undoubtedly advantages over a small one, and in a business of this kind manufacturing is a minor function.

Its purpose is merely that of keeping the hopper full for the sales organization, which is the dominating factor in the business. A large shoe manufacturer, who owned a tannery, admitted that it cost him more to manufacture his own leather than to buy it, and that he maintained the tannery merely for the advantages which it gave him in bargaining for leather, most of which he bought from independent tanneries.

In any field of production where bargaining is a minor function—that is, where success depends less upon efficiency in bargaining than upon efficiency in production—there is generally a tendency for the producing unit to approximate the optimum size. By the optimum size is meant the

size which gives the maximum economies of production, or which reduces the cost of production to the minimum. Establishments of a less efficient size, whether they be larger or smaller, tend to be weeded out.

The optimum size for productive efficiency is not necessarily the size which gives greatest bargaining power. In agriculture this discrepancy is being remedied by retaining the one-family farm as the producing unit, and combining large numbers for bargaining purposes. The chain store is another attempt to achieve the same results. Small manufacturers may be driven to the same method.

There is an advantage in some lines of manufacturing in having a number of small units scattered about or located near the consumers—that is, the saving in freight.

For this reason there will always be a certain amount of slaughtering done by small or middle-sized plants. The use of the refrigerator truck is giving certain of these middle-sized plants a positive advantage in their own localities over the huge plants situated on the Missouri River.

Where Small Packers Gain

THERE is another kind of meat business, however, in which the small plant has no advantage over the large, and probably suffers some disadvantage. That is the business of getting the surplus meat from the areas of surplus production—the Missouri River Valley—to the areas of deficit—the Atlantic seaboard.

The meat must be shipped anyway either on the hoof or dressed, and it has been found cheaper to ship it dressed. For this kind of business the small packer, no matter where he is located, has no advantage over the larger packer in freight bills.

The packing business, therefore, tends to divide itself into two parts: killing, dressing, and marketing locally grown animals for the local demand; killing, dressing, and marketing western animals for the eastern demand. In the first field of business the small and middle sized packer holds his own, and probably will never be driven out. In the second, the larger packer seems to dominate, largely because of the advantage in transportation and distribution.

The case of killing locally grown meat for a local demand is only one illustration of a general rule. The small manufacturer is somewhat protected by the freight tariff against the large manufacturer whenever he can use a local raw material for the satisfaction of the local demand. But where the consumers are widely scattered and the raw material concentrated, the freight tariff offers the small manufacturer no protection.

One of the supposed advantages of the large over the small manufacturer has been his greater utilization of waste products. This, however, is not a necessary advantage. An independent concern, or one run co-operatively by the small manufacturers, can gather the waste from a large number of small plants and work them up into salable products, thus achieving all the economies that are open to the large plant. This is actually being done in a number of cases, and, so far as it can be done, it

tends to remove one of the handicaps upon the small manufacturer.

Another supposed advantage of the large plant is its cheaper power. Engineers tell me that, other things being equal, the larger the power plant, the more economically can power be produced. At first sight this would seem to give the large plant cheaper power than the small plant could have. But if there is really no limit to that rule, then it may be wasteful even for the huge manufacturer to have his own power plant.

There would be economy in a still larger plant, large enough to furnish power to thousands of factories, provided economical transmission of power could be accomplished. But when this huge power plant, capable of supplying power enough for thousands of factories, is once built and its system of transmission installed, it may be able to sell power to a moderate sized plant on terms approximately equal to those given to the huge manufacturer.

Of course, bargaining will enter into this problem. If the large manufacturer has some club which he can hold over the super-power company, compelling it to give him better terms than it will give to his smaller rival, the small rival will suffer a disadvantage. But this is in no way an evidence of his inefficiency as a producing unit.

There is another factor which seems important, though as yet it lies in the field of abstract theory rather than practical demonstration. That is, the limited number of men of high business ability available for the management of industrial enterprises. In any situation where several different factors have to be combined in production, if one factor is abundant and another scarce, there will be a tendency to combine large quantities of the one which is abundant with small quantities of the one which is scarce. In the case of land and labor this may be made perfectly clear.

In a situation where there is a great abundance of land but a scarcity of labor, extensive cultivation of the land is the rule. A small amount of labor is combined with a large amount of land in every farming enterprise. In a community, however, in which there is a great scarcity of land and a great abundance of labor, intensive cultivation is the rule. A large amount of labor is combined with a small amount of land.

Surplus Land—or Labor?

The same rule applies everywhere. In a community where there is a great scarcity of capital but a great abundance of labor, you will invariably find that very little capital is combined in any enterprise with a large amount of labor. Contrariwise, in a country such as this, where there is a relative scarcity of labor and great abundance of capital, there is an increasing tendency to combine larger and larger quantities of capital in the form of expensive machinery with smaller and smaller quantities of labor.

The same principle will apply to different kinds of labor. If two different kinds of labor have to be combined in production, and one kind is scarce and the other abundant, it will be found necessary to combine a small quantity of the one with a larger quantity of the other.

Now let us apply this to that kind of labor called management. Suppose we have a country in which there is a vast amount of investable capital, with inventors enough to show us ways of using this investable capital in the form of high-powered machinery, and laborers enough to man most of this machinery. But suppose we have relatively few men who are capable of directing the investment, of co-ordinating all the factors of production and organizing them into efficient units.

It will then be necessary to combine large quantities of capital and labor in

relatively few large plants or few business units, under the management of the few really capable managers.

Suppose, on the other hand, some means can be found to increase greatly the number of competent managers—men capable of initiating new enterprises and carrying them through to success. It will not be necessary then to concentrate the labor and capital under so small a number of managers as would be necessary if the supply of managers was very small.

The trust movement seems to have definitely passed its zenith. However, there is still a rather steady growth in the size of what may be called the representative manufacturing concern. Nevertheless, there is still a vast number of cases of small or moderate sized manufacturers who seem to be holding their own.

If there is to be even a slight growth in the total number of small manufacturers, a number of things must be done. We must learn to curb the superior bargaining power of the big concern. We, as consumers, must learn that bigness is not synonymous with efficiency. We must give the small concern as much capital as it needs.

It is quite certain that small manufacturers will never be crowded out of certain local fields where the freight tariff protects them, and where they can buy power as cheaply as the big concerns can manufacture power for themselves.

There are, in other words, certain definite limitations upon the power of the huge concern to crowd out the small concern. The small manufacturing concern will therefore survive.



"The efficiency of a certain firm merely consists in its ability to beat down prices"

X Stands for Selling Price

by WILLIAM BOYD CRAIG

WHAT SETS the price of a pound of butter or a radio or an automobile tire? Competition? Mass production? Labor? Yes, and a myriad of less obvious factors, too.

When Andrew Carnegie was asked what he would consider for his interest in his steel mills, he told Charles M. Schwab to take back word to those interested in the formation of the United States Steel Corporation that he believed three hundred million dollars would be a fair price.

It was not a simple transaction, yet it was a deal put through with consummate skill on both sides. It was successful because it satisfied both sides.

When an automobile dealer sells a second-hand car for \$300, similar elements figure in that sale price. More interesting still, it can be shown that, when you buy a toothbrush for thirty cents at your druggist's, he computes his margin after taking into consideration many of the same factors that apply in other sales, no matter what the size.

The growth of the chain-store type of selling tends to throw the emphasis to the side of the mathematics, in an attempt to make a formula which will be automatic for some time. Yet such mathematical probabilities must, after all, be set on the shifting sands of human buying habits.

I was talking with Lew Hahn, secretary of the National Retail Dry Goods Association, about the success of an outstanding New York department store. He used a phrase to describe this store's type of selling that was first applied to a well-known hotel.

"That store," said Mr. Hahn, "is engaged in selling exclusiveness to the masses. It does it well. The whole atmosphere of the place suggests that Mrs. Vanastorbilt has just walked through. The mural decorations and tapestries on the walls all lend something to this effect. As a result, Mrs. Wood B. Snob and her kind throng to the store, because of the peculiar prestige they think it gives them to be able to say that they trade at Blank's. The advertising appeal is not based on price, though prices are rather low there, and the appeal is not made direct to the class that the management expects to influence with its skillfully constructed advertisements."

That store, known from coast to coast, has built up a fine turnover without losing a bit of its individuality. It figures human beings in with its figures on probable volume, basing its appeal, ostensibly, on anything but price.

Rarity is a factor in setting price which brings up interesting single cases of price-setting. Every jewelry, antique or rare-

book dealer will have a hundred anecdotes to prove this. Some years ago a jeweler showed me two one-karat diamonds. One was a perfect stone; the other was a smoky, rather lustreless bit of rock. He said he hoped to get \$60 for the poor stone, but that the other was one of the finest stones he had ever seen, and he expected to ask, and get, \$1,000 for it.

"If I could get another just as fine, I could sell the pair, unmounted, for \$2,500," he added.

Another incident in the news recently

for the labor that went into fashioning the building materials rather than the stuff the material is made of.

The philosophy back of such a theory is good. Granting that nature furnished the elements in various combinations, it is still up to man to put them to their best use in the best possible method. The burden of proof rests with man. Considering the abstract term value in such a way, it puts a worthwhile emphasis on the human side to think of the ultimate price as fixed by the amount and quality of man's work and thought which went into the product.

Suppose there are half a dozen fine Jonathans hanging on a branch of an Oregon apple tree. They will be carefully picked, sorted, possibly wrapped and branded, boxed and sold. They may be taken in charge by a cooperative, or they may be sold direct to a hotel or large retailer. More likely they will go to a commission merchant who will scatter his apples in small lots. It is conceivable that the six apples that grew up side by side may end up in separate retail transactions.

Possibly a corner grocer may include two of them in a small sale, so that these first two bring him five cents.

The third apple may fall into the hands of a huckster who has bought a small consignment from the commission merchant, going for them with his wagon. He may dispose of No. 3 to a young boy for a nickel.

Apple No. 4, let us assume, will rest in a highly polished state on the stands of a downtown fruit store. The retailer's overhead is high; he has improved its appearance with elbow grease. He asks, and gets, a dime from a bilious traveling man.

The fifth Jonathan may conceivably rest in the basket of a railway news and fruit vendor who gets on the Pennsylvania flyers up near the Horseshoe curve at Altoona, Pa. This apple sells to a Pittsburgh assemblyman going to Harrisburg for the session at a price of fifteen cents.

On another train, going west, the wife of a Pittsburgh steel millionaire takes a baked apple for dessert. It is Jonathan No. 6, and the dining car steward with a flourish writes 35 opposite the baked apple item.

All of this might well be real. It happens every day, in far more complicated form than is suggested here.

Because a drug store has a successful prescription business is no reason why it should not carry ice-cream freezers or boxing gloves or what-nots—if it can sell them at a profit. The same holds for the gas station, the bakery, the hardware store, and

IN THIS article, Mr. Craig points out some of the steps that successful merchants take to find the correct price to ask for their merchandise.

They don't find the correct price invariably. Even the best of the shock troops of business miss it sometimes, for there is no mathematical profit formula.

Next month the same writer will tell another story of distribution—of a New England hardware wholesaler who cut down the volume of his business by half, and thereby increased his net profits by more than a third.

—The Editor

offers another sidelight on the price idea.

A collector of manuscripts and first editions of early Americana found a sermon in pamphlet form in a second-hand book shop. It was the only known copy of the old sermon except the one which the collector already possessed. He paid \$500 for the second copy, then took it home with him and threw it into the fireplace. The destruction of the second copy added several times its purchase price to the one the collector originally held, he explained.

When Labor Makes Price

THREE is not, necessarily, any apparent connection between the price the manufacturer charges the wholesaler for a product and the final retail price at which the public is invited to buy. This is hard for many manufacturers and producers to appreciate. Many feel that the work which went into the fashioning of the product was the largest single, determining factor when the article was offered for sale. Farmers particularly are quick to point out the disparity between the price they receive for corn or potatoes or peaches and the price asked and received by grocers, fruiters and hucksters.

Some economists argue that human labor is the only element that determines price. "God furnishes the material, man fashions and delivers it," says this group. When a contractor starts construction, he buys building materials and hires labor. The labor economists hold that he is paying

all others. The only factors that should figure, according to the retailers, are the community's wishes and the retailer's ability to satisfy them profitably. Wholesalers are not so sure.

But why talk of diversity of products and outlets in a discussion of price? There is a hidden factor there that does affect price. Just as it costs more to serve you an apple on a liner in mid-ocean than it would if you bought it from the grower under the tree, so it is going to cost a neighborhood grocery or drug store more to operate per item than it will a larger unit closer to the sources of supply. The element of competition which lowers prices may also, at the same time, chase the commodity in search of the customer, and the cost of selling mounts.

Every perplexing problem in retailing is to be found under a single roof in a department store. All the ordinary hazards of buying and selling are there. On top of that the department store has the additional burden—or opportunity—of training its own executives and administrators.

Department stores sometimes make mistakes, just as the smaller specialty shops. These mistakes may come to light as m a r k - d o w n s a l e s .

Recently I asked the general manager of one of the country's leading department stores if he would explain the mark-up process of several articles his firm sold. He told me to name the articles and not to quote him by name. At random I named a toothbrush, a satin dress, and a man's felt hat.

"Suppose, Mr. Smith, that those articles were placed on this desk between us," I said. "Could you show for each the steps in mark-up?"

"Yes, though we usually deal in larger amounts," he replied. "There is a joke in New York to the effect that the average department store order for a single size and style in shoes is one-twelfth dozen pairs. Hand-to-mouth buying hasn't gone quite that far, however."

"The housewife who buys a toothbrush or a dress, however, thinks in terms of single units. To tell her that we pay 17 and a fraction cents for a toothbrush and then sell it for 25 must mean that we make a profit of nearly 8 cents."

"Now, let's see how close she comes to being correct," he said, spreading open a volume of figures.

"That little toothbrush must bear quite a burden of cost figures. To begin with,

11.3 per cent of its retail price must go for indirect expense. That includes executive salaries, taxes, bookkeeping, and other items of overhead.

"The direct expense is even higher, being 20.9 per cent. Of this figure, 9.7 per cent is direct selling expense and 3.9 per cent is direct buying expense. That means that the people involved in buying and selling the brush get 13.6 per cent of its retail price. Then it must bear a publicity expense of 1.3 per cent, a storage and rental expense of 4.6 per cent, and an advertising expense of 1.4 per cent. That brings the total expense of selling her a two-bit toothbrush up to 32.3 per cent of what she paid for it.

Where Profit Comes In

SO MUCH for the expense side. Our profit is the difference between the gross profit and the total selling expense. But here the gross profit is only 31.5 per cent. Instead of a profit of 8 cents, we have a loss of 0.7 per cent. Just to be able to sell that toothbrush we have gone to a lot of trouble, and we show a slight loss for our efforts.

"Suppose her husband buys a hat that

costs him \$10. It costs us \$3.63 to buy that hat, keep it until he wanted it, and then sell it to him. Our gross profit amounted to \$3.76, which means a net profit of 13 cents. Our hats have a stock turn of 4.2 times a year, which is 0.4 times oftener than the toothbrushes turn.

"The same woman may be back the next day to buy a satin dress for \$35. It cost us \$24.605. We make a profit, net, of \$1.015. This item shows a stock turn of 8.5."

"In large scale merchandising of this type, precedent is our chief guide in setting prices. We know what our costs will be, and we know the profit we want. If we don't get the price asked within a short period, the article suffers a mark-down."

I was interested to learn that this company lost money when it sold a raccoon coat, and that on a \$60 man's ready-made suit it lost a dime. Of course, the odds are tremendously in favor of an article showing a profit. Yearly volume of sales in this store runs well above twenty millions.

Style is becoming more and more important. When a woman buys a gown for \$400 a large part of the price is for design, exclusiveness, and style.

Style grows in men's clothing. The day has not come when a man calls for a red velvet collar with his business suit and asks his tailor to promise that he will make no other man a similar suit. That day isn't here; it won't be, soon, but who can say that succeeding generations will not face such an actuality?

I asked Mr. Smith what he thought of the growing tendency toward style. What would it do to prices? How would it change buying habits? How fast was it coming?

"I don't believe that it will change buying habits or price very materially. The consumer's income will have to keep pace with his more ambitious style tastes before the change is reflected in price."

"As an individual, rather than as a merchant, I'm glad to see men becoming more interested in style. Women have a lot of fun buying style. Why shouldn't men, too?"

The department store referred to ranks with the country's best. It seems significant, that, in spite of all the thought and effort it

puts into merchandising, it loses money on an occasional article.

There is no complete formula for retail selling which will guarantee a profit.



PHOTO: EWING GALLOWAY

Thousands flock through the doors of this store every day. What brings them? Price, among other things

THAT MAN MUSSOLINI!

by MERLE THORPE

Cartoon by Charles Dunn

RECENTLY in Rome I had a talk with a most amazing man.

A one-time Socialist leader who overnight became absolute dictator of 40 million people. A blacksmith's son who seized the crown of the Caesars and set up in the shadow of the Forum an autocracy, a benevolent autocracy whose popular benefits bring expressions of admiration from the most casual tourist. A despiser of democracy with its endless bickerings and wastes. A skeptic of elections which he has abolished. And at the same time he boldly attacks, and as proudly justifies his attack on, the institutions of free speech and free press.

The founder of a political party, he has made it a crime to start another, and with an Olympian gesture he closes the doors of his Fascist party to new members. Himself a shining example of a 16-hour day, he has inculcated the spirit of work in an ease-loving people. Exhausted by the "endless talk" of legislators, he sent them home as a "good riddance"; and incensed by the incapacity of cabinet ministers, he took over seven of the portfolios himself.

An autocrat, whose creed of "action, not words" he has, in a space of five years, infibrated a pride, a vitality, an energy in a nation such as has not been known since the glorious Augustan era. Consider the record of this amazing man:

He has thrown out thousands of needless government employees;

He has cut bureaucratic red tape;

He has organized a disciplined militia;

He has taken a bankrupt nation with an annual deficit of fifteen billion lire and made it a going concern with a surplus of one billion lire;

He has increased Italy's investment in hydro-electric power by 400 per cent;

Thousands of acres of swamp lands reclaimed and put into wheat;

No strikes under penalty of dire punishment both to employer and employee;

Three universities opened and hundreds of primary schools established;

A merchant marine, destroyed by war, restored and now larger than ever;

Genoa the first port in the Mediterranean;

Aviation encouraged, with Nobile, Ferrari, and De Pinedo its fine flower;

Unemployment practically unknown—less than in the single city of London;

Aqueducts in southern Italy after centuries of delay;

A workable telephone system;

Beggars put to work;

Railway trains on time and stations beautified with flower beds;

2,000 million lire in building operation to meet a chronic housing situation;

Highways increased by 60 per cent in six years;

One hundred miles of sewage mains added in five years to Rome's 220 miles, some of which have been in use for three thousand years;

A rejuvenated street car service, increasing traffic from 144 million passengers in 1921 to 200 million in 1926;

Electricity's use increased from 56 million kilowatts to 87 million, with 16,000 new customers in Rome alone;

A tax-gathering efficiency which spread the burden from 50,000 in 1922 to 180,000 in 1924.

Such is only a partial picture of the work of this most amazing man.

Such is the record of a man who scorns democracy and all its works.

It was difficult to find Mussolini. Now he is at the desk of Foreign Affairs, now at the desk of Secretary of the Interior, now at Ostia as Admiral of the Navy reviewing the fleet.

My appointment was for 10:10 in the morning. I was not to bring an interpreter, he would see me alone, and I was to speak English and "not too fast." I was at the Viminale at 9:30. After much scrutiny of my credentials, not by one but by four functionaries, I was admitted to a waiting room which a sign stated was for "ambassadors, plenipotentiaries, and distinguished guests."

Eight or nine other visitors were there, all nervously pacing the floor, rehearsing their pleas or arguments, all

dressed in black and with highly polished boots. I was wondering about my gray tweeds and brown shoes, when a delegation came in.

It was evidently from the country and it was bringing a large package—a present to the Duce, I thought. They also rehearsed, for I could see them whispering and assigning positions, and planning the order of the speeches. They had begun to open the package when a silver-haired distinguished-looking gentleman of the Garibaldi type appeared and summoned "Signore Tar-pe." I took no chance but hastily followed him. I was eager to know what was in that package, but my curiosity to see what manner of man was in the inner room was greater. I was about to see and talk with the most colorful personality since Napoleon.

Across a corridor, through another room, the door was opened and I was bowed inside. I stepped into a large room and there, at the farther end, rising behind a mammoth desk, was a clean-shaven, stockily built, well-groomed man, with an expression of friendly welcome on his face. He might have been any successful American business executive.

There flashed across my mind one of those disturbing dilemmas which often face salesmen at psychological moments. "Should I throw my right arm up, palm outward, in the Fascist salute?" Everywhere in the Palazzo Chigi, the Viminale and official quarters I had seen it. Was it the right thing to do?

Would it strengthen or weaken my sale? For I was a salesman. I was trying to sell the Duce an idea, that he should talk for publication.

Taking a Chance with Il Duce

IT WAS all in the fraction of a second while I was taking a step towards his desk. But he saved me the momentous decision. He reached across the desk, extended his hand, and shook mine heartily in true American fashion. He motioned me to a seat and said in good, understandable English, "Have you been in Italy before?"

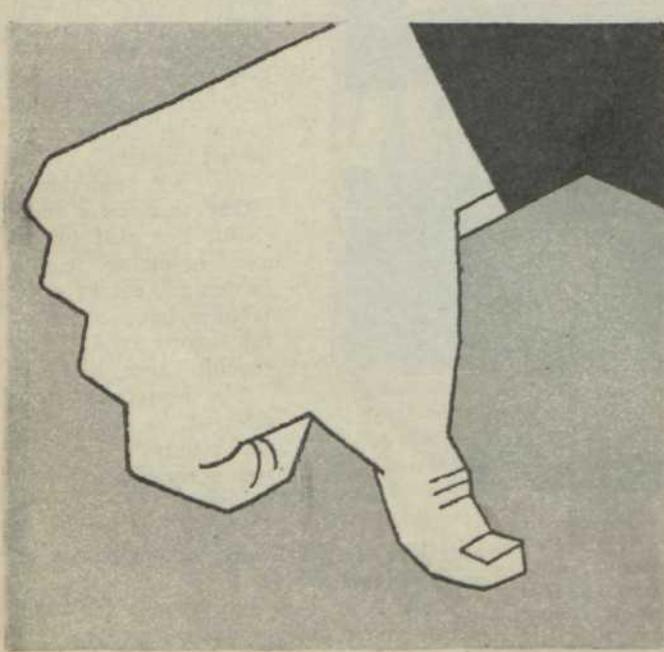
"Not this Italy, Your Excellency," I replied.

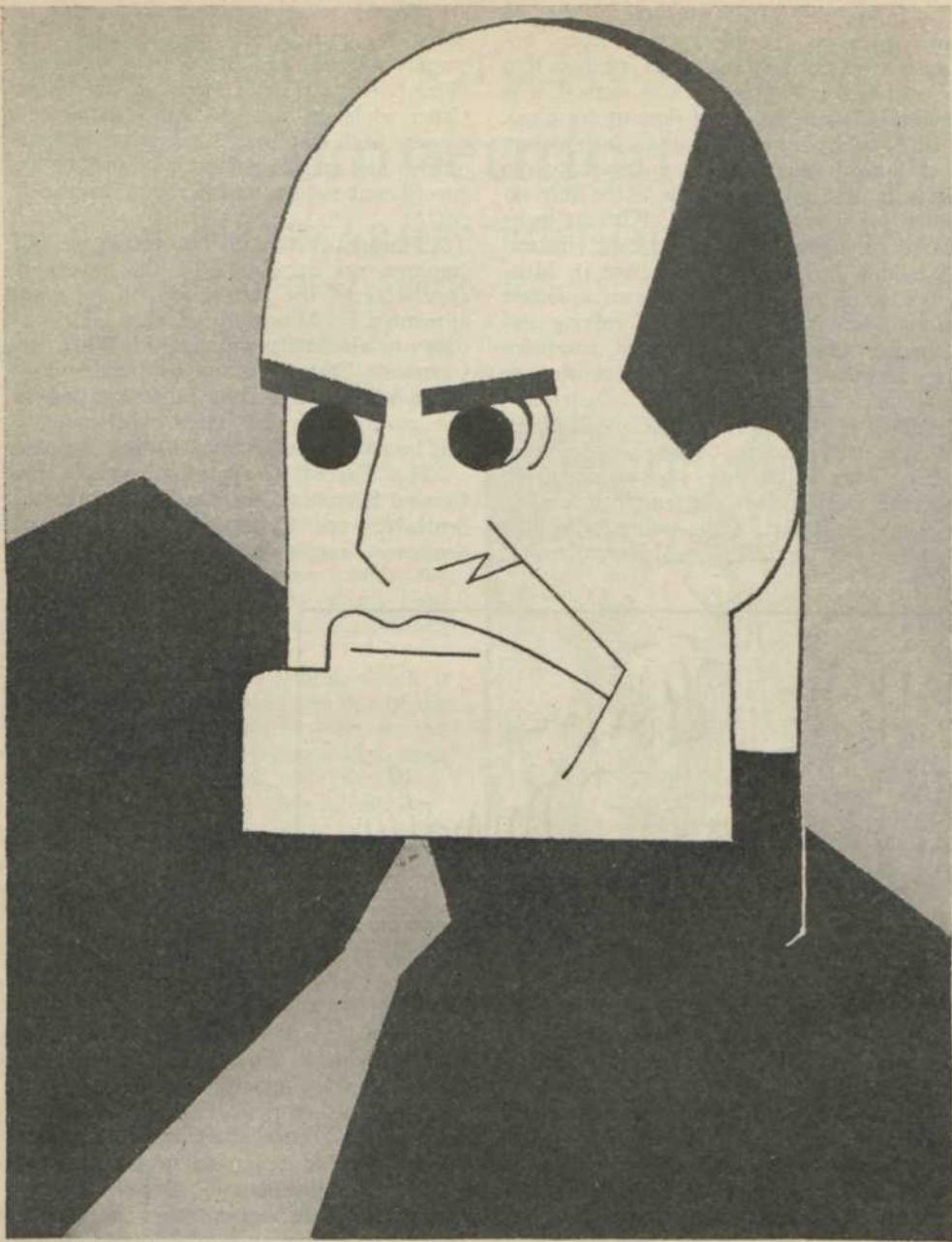
I took a chance. On every hand I had heard that Mussolini was impulsive. In fact his career and whole philosophy of life and government could best be summed up in the one word, "impulsive." He might regard my answer as facetious, draw down his eyebrows, and the interview would have a bad start. But because he was impulsive I thought an impulsive answer might get a like response.

It did.

"Oh," he shot back, his face lighting up, "you have noted the change. In what way?"

He put me strangely at ease, and from then on our conversation followed along as





"Tell America of the new life of Italy, the new spirit"

naturally as if I had been talking to any big executive.

I told him I had noted the change in the railway service, in the cleanliness of the streets, in the orderliness of business life, the attitude of the people, the spirit—

"The spirit, the spirit," he interrupted, "that is the most important. Without the spirit, nothing can be well done."

I thought of Napoleon, who often said, "the spirit is always secondary to the sword." Many times that morning, and later, I had occasion to think of Napoleon.

A happy circumstance gave me opportunity to study the man. I found I could not do so while talking. I did not dare to take my eyes off his for fear of losing his attention and the interview. His telephone rang.

As he talked over the phone in short, sharp sentences, with just a note of impatience, I thought, he resembled a business man rather than a government official. I studied him. He was not the pitiless, implacable, adamantine leader that I had been led to expect from the descriptions of

him, but a persuasive, magnetic personality, not without great reserve force. As he talked I kept thinking of Roosevelt's admonition, "Speak softly, and carry a big stick." His skin, olive and clear, had a peculiar vibrancy, something more than an earnest of excellent health, which indeed it was despite the reports that he has a duodenal ulcer and opposes the doctors who prescribe the operating table. His movements were quick, decisive, graceful.

I remembered that his favorite sport was fencing.

He had hung up the receiver, closing the conversation with one word, "affretesi," which connoted to me "immediately" or "be quick about it," and which I later learned was correct.

"What brought you to Rome?" he asked.

"To see you," I replied. "To learn from you first-hand what you have in mind for your Corporate State. It is at variance with American political ideals (I restrained myself from saying abhorrent to American ideals). We realize that democracy is wasteful, but at that we think it is worth

the price." I knew well his position on democracy. Mussolini has charged in and out of season that democracy has miserably failed. Such cutting aspersions as this:

"We have closed 25,000 saloons, and we shall proceed with energy in this direction, because we are able to do so—because Fascists do not need to beg for votes from saloonkeepers and their clients, as was the case in democratic times, which by now we might call the Middle Ages."

"Fascism," he says, "means above all the liberation of the Italian people from the dogmas, definitions, and prejudices which traditional democracy heavily saddled upon the nation. Before Fascism, the Italian people had practically lost its spiritual liberty by dint of having to listen daily to the endless rhetoric of Parliament and the public squares. Snared by formulas from abroad of liberty, equality, and fraternity, preached but not practiced by the preachers . . . the people followed false prophets and the empty language of democracy."

Again I referred to the speed with which he had passed the copyright law. Since 1882 there had been need for revision of an archaic law to bring it into closer harmony with international legislation on the subject. "Under democratic régimes," he said, "studies were made, proposals, counter-proposals, and projects drafted by Ministerial Commissions and by eminent Ministers; this was repeated no fewer than eight times, in accordance with their noxious dilatory habits.

Mussolini and Tony

THIS was but one of the many questions in which the Fascist régime received a legacy of endless talk, to which it put an end by resolute and prompt action."

The matter was settled, I am told, within a few weeks.

Before I can discuss the Corporate State I must put, as simply and clearly as I can, Mussolini's idea of government.

First, he does not believe as we do that government exists for the individual. With him, the State is supreme and everybody and everything exist for the State. If Tony Lazeretto does anything, or wishes to do anything which may interfere, however slightly, with the State's plans, Tony must give way.

In America, the State has signed a contract (the Constitution) with John Smith guaranteeing him certain things. If Congress passed a law sentencing John Smith to death and President Coolidge signed it, John could appeal to the Supreme Court under his contract and the Court would promptly declare such action a violation of contract. That is what is meant by a guaranteee of life.

If Congress should pass a law taking away John's property without due course and compensation, under his contract John could appeal to the Supreme Court, which again would declare it could not be done. That is what is meant by a guarantee of property rights.

Again, if John rents his house for so much a month and Congress should pass a law and President Coolidge sign it providing that John should be sent to prison because his rents were too high, John

could again successfully rely upon his contract. Nor could Congress and President Coolidge and the Army and Navy make John stay on his bricklaying job if John wanted to quit or do something else. That is his guarantee of pursuit of happiness.

Mussolini's government is an absolute negation of democracy. Tony Lazeretto has no contract. He has no appeal. A decree from Rome, or an order issued by one of Mussolini's governors or mayors, may deprive him of his liberty, his right of free action, or his property. The State is not of him, nor for him to discuss, comment upon, nor take part in. He exists for the State and at the State's pleasure.

Mussolini has done away with popularly elected governors and mayors. He now appoints them, 79 governors and 9,000 mayors. Elections, he says, are a great waste of time, time which could better be put to the production of food, shelter and clothing. Elections

arouse bitterness, feuds, often resulting in bloodshed, all of which is bad for the State. Elections encourage graft. Few voters are interested in them—only about 50 per cent in Italy, or America for that matter. And finally he quotes James Bryce to the effect that the best man is never elected anyway.

Listen to his instructions to his governors (*prefects*): "You are my direct representatives; your authority cannot be farmed out; you are solely responsible for putting down lawlessness, and for giving substance, prestige, authority and power to the Italian State; you must keep in constant touch with the mayors (*podestas*) of your respective states; you must banish all unscrupulous business men (*afaristi*), profiteers, coxcombs, quacks, poltroons, petty scandal and discord mongers, and hangers-on with no definite vocations.

His Industrial State

"ANY governor," he says, "who fails to act in this manner will be regarded as a craven and treacherous servant of the Fascist régime, and as such I shall punish him. Needless to add, governors must always tell the truth and the whole truth to the Government, especially when such truth is unpalatable."

Imagine President Coolidge thus addressing himself to Governor Alfred Smith of New York State!

Tony must watch his step or the mayor will get him. The mayor must watch his step or the governor will get him. All must watch their step or Mussolini will get 'em.

That is why I was able to read in a paper bought at a railroad station that two landlords in Turin, who had previously occupied high municipal positions, had been deported to an island because they had not complied with an order of the Fascist governor to reduce their rents to a fixed rate.

In another paper the same day I read

of a restaurant keeper who was ordered to shut up shop for twenty-four hours because a Fascist customer had accused him of over-charging. And, he was warned, if it happened again, he would close up for good.

But—and here is Mussolini's justification—if Tony Lazeretto gives up much to the State it is in order that the State may do much for Tony Lazeretto. Without legislative restraints, debate, red tape, instead of talking for ninety years about it, Mussolini levies the tax and builds an aqueduct in southern Italy. Instead of talking and debating the reorganization of executive departments Mussolini's first act was to consolidate three, Agriculture, Industry and Commerce, and Labor, into the one Ministry of National Economy. When a strike takes place, Tony is the one who suffers most, not the employer or the employe, and it is Tony, as a part of the public, who ultimately pays the bill. So Mussolini makes

are allowed to negotiate collective contracts. All such contracts once made apply to all employers and employes! Only Fascist federations may have access to the Labor Court while its decisions apply to *all* employers and employes!! Finally, all employers and employes must pay dues to the government unions whether they belong or not!!!

All heads of the unions, employer and employe, are appointed by the governors (*prefects*) of the states, who in turn are appointed by Mussolini. Strikes and lock-outs are absolutely prohibited. When the Corporate State is completely under way, Mussolini has promised representation in the government, but each representative will be subject to removal by the Premier.

"The Fascist Corporation idea," says General Secretary Rossoni, "has struck the death-blow to dying parliamentary and democratic institutions."

"We have solemnly buried the falsehood of universal democratic suffrage," says Mussolini.

We talked of business conditions in the United States and Italy. The Duce showed sympathetic interest and understanding of the Mississippi flood catastrophe, asked particularly about the condition of the textile industry (Italy is now second in the production of artificial silk).

Finally he said to me: "What do you think is the future of democracy in America?"

I thought I knew what was in his mind. It was easy to apply to us many of his criticisms of democracy. Growth of government bureaus and commissions, lack of power and authority at the top to get the necessary things done, more and more social and economic duties passed from the individual to the government, Madison Square Garden conventions, weeks and months given over to political campaigns with their toll on production and the attendant slowing down of business, the rapidly rising cost of government, the lack of interest in who is elected or what is done, and above all and over all in Mussolini's mind, the steady and gradual loss of confidence of the people themselves in democracy and its leaders.

Mussolini the Fencer

"WHAT I think doesn't matter," I replied. "What do you think?"

But he was a better fencer than I. He began, then stopped short. "It is so difficult to speak," he said. He probably meant that it was bad taste for him to discuss a friendly nation. If he did, I missed my cue when I responded: "I am sorry I cannot follow you in French. You see, Signore Mussolini, my college French is not generally understood."

He laughed quietly. "Was that the kind of French you taught?" I bantered. He

(Continued on page 62)

*A Merle Worpe
Roma July 1927 Mussolini*

Reminiscent of the Caesars is this signature of Il Duce, with its Roman V indicating the year of his dictatorship

Chemistry Creates New Competition

by WARREN BISHOP

Illustrations by Don Millar

SIT DOWN at the breakfast table, eat your porridge, glance at a magazine, and look at your watch to see if you can walk to the 8:15.

Do you realize that oats furnished the breakfast and helped make the watch and the magazine? Moreover, oats may have helped to make your automobile tires, to color your shoes, and to keep healthy a wounded tree. And also, our friends, the Chinese, are using a product of oat hulls to preserve chop suey sauce. And that's only a part.

What's the answer? Furfural, which is a product of oats and which was one of the hundreds of things tucked away in the booths of the recent chemical exposition that justified the slogan over the headquarters of the American Chemical Society:

CHEMISTRY CREATES NEW COMPETITION

Furfural has a picturesque story. It is a powerful and effective solvent which can be made from many waste products of the farm. Corn cobs are an excellent source, but unfortunately corn cobs are scattered over many farms and the task of bringing them together in one place is expensive.

Oats are another problem. The makers of Quaker oats used to have on their hands some tons of oat hulls every day which were useful only for fuel, and not very good fuel at that. So Carl Miner, consulting chemist of the company, decided that what could be done with corn cobs could be done with oat hulls; furfural in commercial quantities resulted.

It is a versatile thing. Ask Dr. Miner what can be done with it and he'll answer:

"We don't know. Every time we turn around some new use is found."

One of these new uses is in making light, sensitive resins. These are used now in making light, sensitive varnishes, and with their help one great manufacturer of watch cases is engraving the backs by etching and not by hand or even mechanically, while the printing art is beginning to use these same resins in making cuts for

illustrations. And the same substance is making the new synthetic resins like



Bakelite and the new lacquers like Duco, Lucolac, and a dozen others.

And that's only part of furfural, and furfural is only one of hundreds of things that chemistry is turning over to industry and, incidentally, which are overturning industry.

How important these overturns may be is well illustrated by a story told by Charles F. Kettering, head of the research work of General Motors, at a recent chemical meeting. Said Mr. Kettering:

"A few years ago I was called on the carpet of a very important financial organization, one of our great New York banking establishments. A question which was extremely embarrassing was put to me. The banker said, 'What right have you to exist?' I said, 'I don't know. Ask me another.'

"'Well,' he said, 'the question I am talking about is this: You represent a great body of people known in this country as research people, and, so far as the banking fraternity are concerned, they are the most dangerous outfit in the world. We loan a concern half a million or a million dollars on a perfectly good bank statement today. In another year some guy comes along with a process that entirely upsets that situation, and, while their bank statement is good today, three years from now, when they are supposed



"Give a chemist time, and he'll feed you, clothe you, and shelter you, from a field of corn"

to repay the money, some other fellow has put them out of business. Now, you are the people that make banking hazardous.'

"I told him that the only thing that the great financial organizations of this world have not yet discovered is this—that good business does not represent the great flow of money and exchanges through the banking houses. That is a secondary thing; that is the negative wire, so to speak, of the great electric current of prosperity. The positive current is the flow of useful materials through the channels of trade, and that can only be produced provided you are dissatisfied with what you have."

"So the next great function of research, and by far the greatest of all of them, is to keep everybody reasonably dissatisfied with what they have. If we can keep you reasonably dissatisfied with what you have, you are going to buy something that satisfies you, at least for the time being. When you do, you are going to pass your money on to somebody else, they are going to pass it on to somebody else, and so on around the circle."

Chemistry Experts for Banks

IT WAS Dr. Harrison E. Howe, editor of the *Journal of Industrial and Engineering Chemistry*, who read to me what Dr. Kettering had said.

"Why," I asked, "doesn't an intelligent bank have a chemical adviser?"

"I know at least two that do," was the answer, "and there may be more."

So it is possible that on the letterheads of banks we may yet see in that impressive list of vice-presidents:

"John Smith, vice-president in charge of the Chemical Information Department."

Here's another dramatic instance of how "Chemistry Creates the New Competition." It is methanol, our old friend wood alcohol under a new name, and more interested by far in making new products than in blinding foolish drinkers.

Wood alcohol is no youngster in the field of industrial chemistry. It has been made



and used for years. Hardly a dozen years ago it was an apparently stable industry with fixed method of production and with fixed and rather limited uses.

It is interesting to note that back as late as 1924, D. B. Keyes, then research chemist of the United States Industrial Alcohol Company, and now a professor at the University of Illinois, wrote:

"Methyl alcohol production is very limited because as yet it is only obtained as a by-product of hardwood distillation. Our forests are rapidly becoming depleted and the production of methyl alcohol is obviously essential, so many attempts have been made to obtain this product from some other more abundant source. These attempts so far are failures, but when the demand is great enough the new process will be forthcoming. This is another excellent opportunity for some chemist to acquire fame and possibly fortune."

The book, "Chemistry in Industry," from which I have just quoted, was hardly off the press before German chemists accepted the challenge. They began the manufacture of a synthetic methanol which could be brought to, and sold in, this country at a price well below the products of wood distillation.

As usually happens, when a product is cheapened, its uses increase, and wood alcohol, not made from wood, found a wider market.

But hardly had the German methanol industry begun to threaten the hardwood distillers than our own chemists took a hand in the game.

One of the products of wood distillation, in addition to methyl alcohol, is acetone. Until the war, acetone had its uses, but the wood folks were able to supply the demand. But for explosives large quantities of acetone were needed. To meet this increased demand, which could not

wait, a new process for fermenting corn was developed. This produced large quantities of acetone and butyl alcohol. The acetone the munitions manufacturers wanted, but

for the latter there was little or no demand. Luckily the butyl alcohol was stored, for just as the war ended and the demand for acetone died down, a new demand for butyl alcohol arose. The new quick lacquers, of the Duco type, called for butyl alcohol. What had been a comparatively useless product became a major need. But in this process of making butyl alcohol

hydrogen was produced in large quantities and at once the makers of the butyl alcohol saw an opportunity for producing synthetic ammonia. By the time the plant was ready it became more desirable to make methanol. So a few changes were made by the chemists and synthetic methanol is made by an American process from these waste gases. Just as the German process disturbed the wood distillation industry, so the American chemist went back at the German industry.

Meanwhile, what of the wood distillers? Deprived of much of their market for acetone and methanol, except for denatura-

tion"; that is, seeking new markets through group study. They hope to develop uses for tar and oils which so far have been of little use.

The layman whose knowledge of chemistry is limited to the fact that H_2SO_4 stands for sulphuric and H_2O for water—and if anyone told him it was the other way round, he wouldn't dispute it—was impressed with the great number of new metals that the chemical show displayed, metals with names he'd never heard of, made-up names largely, Enduro, Askaloy, Durin and the like, but all of them represent new combinations of metals designed to meet some demand and perhaps to crowd some other metal or ceramic product off the industrial map.

Some of these that were shown at the Chemical Show two years ago as experiments in inconspicuous booths, this year called for much space to show new uses.

Here's a combination of chromium—an almost unused metal a few years ago—with iron. What's it for? It resists a certain amount of corrosion and won't tarnish. It is fighting aluminum for use in hotel kitchens and for such purposes as cafeteria trays. Here's another—chromium alloy with nickel which will resist concentrated nitric acid, and that

has something to do with the new competition, for it is making possible the manufacture of nitric acid without the use of Chilean nitrates.

Many metals are somewhat under suspicion when they come in contact with foodstuffs, but an ingenious chemist has learned that we can coat steel with glass and on view are great coils of that combination. Through them can pass steam or hot water at almost any temperature while they rotate in milk or some other food held in similarly coated tanks.

And if you want further verification of what Dr. Kettering told the banker stop at a booth where are shown the things which can be made from corn cobs and stalks. Artificial wood which can be molded into any form, silk substitutes, paper, building blocks, those are only a handful.

Give a chemist time and he'll feed you, clothe you, shelter you from a field of corn. And if he does, how many hundreds of industries will be shaken to their foundations?



What Science Makes From Corn

FROM PITH

Absorbent
Alpha cellulose
Cellulose
Cellulith
Cellulose nitrate
Dynamite absorbent
Face powder
Guncotton
Insulating lining
Linoleum
Novelty pottery
Paper
Papier mache
Packing for war vessels
Pipe covering
Pyroxylin varnish
Rayon (artificial silk)
Smokeless powder
Viscose

FROM HUSKS

Bedding for stock
Chair cushions
Cloth
Corn hats
Door mats
Fodder
Horse collars
Hot tamales
Husk floor rugs
Mattresses
Oil cloth
Paper
Papier mache
Upholstering

FROM COBS

Acetic acid
Acetone
Alcohol

Anaesthetics
Antiseptics
Bee smoking material
Bologna smoking
Bran
Buttons
Cellulose
Cellulith
Charcoal, decolorizing
Charcoal, feeding
Charcoal, gunpowder
Charcoal, fuel
Cob flour
Cob sidewalks
Cobs in stock food
Coloring
Corn cob pipes
Corn cob wash boards
Curing concrete floors
Diabetic food
Dyes
Dynamite absorbent
Face powder
Fuel
Furfural
Fire lights
Glue
Guncotton
Gunpowder
Hard rubber substitute
Incense
Linoleum
Lumber substitutes
Methanol
Maple flavor
Motor fuel
Oxalic acid
Paper
Pitch

Plastics
Punk
Pyroxylin
Rayon (artificial silk)
Shampoo, dry
Resin
Tar
Tin plate manufacture
White lead manufacture
Viscose
Wood floor substitute
Xylose
Sweeping compound

FROM STALKS

Alpha cellulose
Bedding for stock
Building blocks
Cellulose
Cellulose nitrate
Cellulith
Charcoal
Diabetic food
Dynamite absorbent
Fiber
Fodder
Fuel
Furfural
Guncotton
Lumber substitute
Oxalic acid
Paper
Papier mache
Pulp board
Pyroxylin varnish
Rayon (artificial silk)
Wall board
Viscose
Xylan
Xylose

tion, they are dependent on a small range of less important products. They are looking for the answer in what, after all, is the outstanding way of meeting "the new com-

COAL! COAL!

Prosperity Comes to British Coal Trade as Government Control Is Abandoned

HERBERT N.
CASSON

AFTER 12 years of State control, the British coal trade has now escaped from the Bureaucrats and is on the way to peace and prosperity.

It has been badly damaged. Its reserves have been depleted. Its costs have been raised. Its efficiency has been lowered. But at the moment it is as free as any large private enterprise is allowed to be in Great Britain.

The story of the 12-year period of State control is a Comedy of Errors. Rather, it is a tragedy. It has cost Great Britain billions in money and a still higher price in loss of morale. It led, as we shall see, to a general strike—to a national revolution—to an attempt to rule Britain by a Soviet designed by the madmen of Moscow.

The coal trade is the basic industry of Great Britain. It is as vital to the British people as the air they breathe.

England Trades Coal for Food

BRITAIN imports two-thirds of her food and pays half of the bill by selling coal abroad. Britain has no oil, no water-power. She depends absolutely for power and largely for food upon her coal. If it were not for her coal, Britain would have few large industries.

All went fairly well with the British coal trade until 1914. Then the Bureaucrats saw their opportunity and seized it. They could do as they pleased, because the nation was at war, and no one had even a wish to interfere with the war-plans.

The Bureaucrats and politicians pounced upon the coal trade and proceeded to reorganize it. They pushed the owners and managers aside. They sent a swarm of carpet-baggers into the coal regions. They

issued orders and more orders. They tried all manner of bureaucratic experiments. Actually, for two years the whole coal trade was a playground for a Socialistic Professor of anatomy, who happened to be a member of the British Cabinet.

There was, as usual, a plague of Parliamentary Committees and Royal Commissions. One of these Committees advised buying out the royalty owners, closing the unprofitable mines and putting the whole trade under a Supreme Council of employers and workers.

It proposed that every mine should be managed by a joint committee of capitalists and miners, as though the shareholders did not exist. It was a fantastic and absurd scheme, and was soon flung aside as impracticable and confiscatory. It did not even please the miners.

Another, headed by a politician who happened to be out of office, and composed of faddists and political hangers-on and Fabian Socialists, advised that the coal trade should be forthwith transformed into a Government Department and run as though it were the Post Office.

Mr. Lloyd George, also, took a hand in the proposed reconstruction of the coal trade. Happily, he was not Prime Minister at the time.

The coal lands, he said, should be bought by the Government and paid for by Treasury bonds—a mere matter of printing and bookkeeping. Coal companies should be

scrambled, he said, into a few huge amalgamations and all would be well.

As may be imagined, all these Committees and wild schemes and the constant interference angered the coal miners as well as the employers. Their trade had been made a political playtoy.

More Pay, Less Work

THE MORE the Government did to conciliate the miners, the more intractable they became. The more their pay was raised, the less they worked. The wage costs per ton rose from \$1.65 in 1913 to \$3.28 in 1923. The wages were doubled and the output was cut in half.

They were given a 7-hour day. At once, they demanded a 6-hour day and a guaranteed weekly wage, whether they worked or not. Also, they demanded an immediate increase of 20 per cent in wages.

In 1924, their actual working time was 5½ hours a day. The average wage, counting both men and boys, was \$14 a week. Many miners made from £20 to £40 a week. Yet never before had they been so turbulent and ready to strike.

In 1884, the average output per miner was 310 tons a year. In 1925 it had fallen to 217 tons. Such an output was ludicrous compared with the production in the United States, where 600,000 miners produce 700,000,000 tons a year. In Great Britain, 1,100,000 miners were producing only 238,000,000 tons a year. The aver-



A lusty worker at the Elephant and Castle Coal Depot, London



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age British miner was receiving one-half as much pay as an American miner, and producing only one-quarter as much.

For 12 years the British coal trade was practically run as a subsidiary branch of the Government. It was submerged in politics. Naturally, the politicians wanted to make friends with the miners, as the miners possess one-tenth of the political power. They constitute the largest unit of voting power in Great Britain.

But the miners refused to be friendly. On the contrary, to the intense amazement of the politicians, they became more and more resentful and unruly. They bit the hand that fed them. The older and steadier miners became discouraged and bewildered. They ceased attending the meetings of the Miners' Federation and the power soon fell into the hands of the "Reds."

The fact is—and this is the central fact in this story—the Government drove the miners into strike after strike, and finally into open revolution.

The coal trade has always been the most turbulent trade in Great Britain. It has had more strikes than any other trade. It is the arena in which the class war is being waged most fiercely.

The miners, for the most part, live by themselves in towns and villages. Their

employers live elsewhere. There is very little personal contact between miners and employers.

To make matters worse, the Government allowed 200,000 young conscription-dodgers to run into the mines during the war. A flood of young men of inferior type rushed into the mines to escape going to the front.

Mob Rule in the Federation

THESE young men joined the Miners' Federation. In a few years they controlled it. They elected Bolshevik officials, raised the red flag and howled down the older and steadier miners.

They adopted as their slogan—"The mines for the miners and a 6-hour day." Their policy was to do as little work as possible, to destroy all profit, to force the mines into bankruptcy and then to take them over and run them for their own benefit and in their own way. This was not nationalization. It was mob rule. For the shareholders, it was confiscation.

At the time, in 1919, I wrote to Robert Smillie, the Socialist Secretary of the Miners' Federation, and asked him why he opposed scientific management in the mines. His answer was significant.

"I do not oppose it in principle," he said, "but I don't want it applied until we are in possession of the mines."

In 1920 there was a serious strike. For the first time the miners flooded many of the mines and drowned the pit ponies. The older miners were intimidated and mobbed.

In 1921 there was a still more serious strike. Not a ton of coal was dug for 13 weeks. This strike alone cost Great Britain more than \$1,000,000,000.

In 1923 state control was relaxed, for political reasons. The miners had voted solidly for the Labor Party and they ceased to be of interest to the politicians of the other two parties.

Also, there was a coal strike in America and a deadlock in the coal regions of the Ruhr, in Germany. There was a sudden demand for British coal. Prices went sky-high. The British coal trade made \$300,000,000 profit in a single year. Coal was sold for five times its normal price and 80,000,000 tons were exported.

But this boom was temporary. In 1924 it collapsed. Once more the coal trade was in difficulties. Finally, it was completely demoralized by the formation of a Labor Government in 1925.

The miners were in great glee. Their votes had put the Labor Government in power. They were the dominant political unit in the British Isles. They insisted that the mines should be given to them forthwith.

They were bitterly disappointed. The new Labor Cabinet, for the most part, was composed of trade union officials and Fabian Socialists who were not at all in sympathy with the "Reds." Power made them still more conservative. They turned their backs upon the miners and gave their attention to other matters.

Then, after nine months of futility and phrase-making, the Labor Government went out of power. A Conservative Government with an enormous majority, came in. And the miners once more became rebellious and threatened to go on strike unless their impossible demands were granted.

The new Prime Minister was Stanley Baldwin. He was for peace at any price. He was determined to win the favor of the miners. To avoid a strike he granted a subsidy of \$120,000,000 to the coal trade as a whole.

This was a gigantic blunder. It was the last and worst attempt of the Government to manage the coal trade. It did not bring peace. It brought war. It caused the general strike of 1926. The miners were out for 7 months and for a time Britain was shaken to its foundations by a Labor revolution.

This was no ordinary strike. It was an attempt to create a Soviet in Great Britain. It was directed and financed from Moscow. And at the head of the miners was a Communist named A. J. Cook, who publicly proclaimed himself to be "an humble disciple of Lenin."

This, then, was the end and inevitable result of State control in the coal trade.

It led to anarchy and revolution. What it cost Great Britain in money and prestige will never be known.

The strike eventually came to an end. It was a complete failure. The employers had their backs against the wall and refused to compromise. Even the Government stood firm.

Coal Trade Free Again

AT LAST, after 12 years of interference and blundering, the Government set the coal trade free. It did this because it was compelled by public opinion and because it had been so savagely vilified by the "Reds."

The Miners' Federation was smashed. A. J. Cook is now in oblivion. The Federation had 800,000 members when the strike began. Today it has only 400,000 and this includes 100,000 unemployed miners, whom the coal companies have not taken back.

At the last Annual Conference of the Miners' Federation there were only 150 delegates. Their great organization is a wreck. The head of it—Mr. Herbert Smith—made a speech against Bolshevism and confessed that the miners' policy had been a failure.

A new Federation has been started by miners who are opposed to the domination of the "Reds." Already it has 50,000 members. Eventually it will take the place of the older organization.

The miners have had their fill of Bolshevism and state control. The mass of them are industrious, moral and sensible men, who were temporarily misguided and demoralized by government officials and Communist agitators. Since State control began they have lost enough money in wages to buy all the coal mines in Great Britain, lock, stock and barrel.

Also, they have lost prestige and goodwill. They have antagonized the other trades unions. They have alienated the sympathy of the public. They lost their heads and ran amuck and now they are settling down to sanity and a long hard pull up-hill.

As soon as State control was abandoned, there was an immediate revival in the coal trade. In December the exports were higher than they had been for four years.

The Government is amazed. No bureaucrat can understand this new peace and prosperity that has come to the British coal trade.

The reason is all in one word—freedom. The coal trade is now being let alone. There are no more Parliamentary Committees and Royal Commissions. The employers are in control. They are now making local agreements. There are no outsiders forcing themselves in and offering stupid advice. The coal trade is at last being run by the skilled men who understand it.

The British coal trade, taken as a whole, is not as efficient as the American coal trade, and probably never will be. It has plenty of difficulties without having these increased by State control.

Many of its mines are very old. The average age of the largest mines is 51 years. There are 57 mines that are more than 100 years old.

There are still many obsolete methods.

Most coal is still delivered in bags, carried into the coal-cellars on men's backs. There are still plenty of shovels and small tubs and old-fashioned hoists.

All told, there are 1,400,000 coal cars on the railroads and half of these belong to the coal companies. They are all small—5-ton and 10-ton mainly. Experiments have been made with 20-ton cars, but they are not popular.

But it is not true that the coal companies are non-progressive. They have spent \$225,000,000 on renewals and improvements in the last six years, in spite of State control. They would have spent much more if they had been free.

The best British mines are the equal of any in the world, with the exception of several in the United States. No coal mines in any country are safer. Last year only two miners per 1,000 were killed by accidents.

More than 20 per cent of the coal is now dug by machinery. There are 4,500 coal-cutting machines in use, and many underground conveyors and coal-loaders.

Housing for Miners Is Improved

AS TO the housing of the miners, 88,000 better houses have been built in the last 22 years, at a cost of \$125,000,000 to the coal companies. The miners pay about \$100 a year rent per house. And there are 124,000 miners who have free houses and 200,000 who have free coal.

It will be seen from these facts that the coal companies are not hard-hearted as employers. They would have installed more machinery and built more houses had

it not been for the opposition of the miners.

Most of the resentment of the miners has not been as much against the coal companies as against the owners of the coal lands. Many of these owners are dukes. Some receive large royalties.

Naturally, when there are dukes at one end of the coal trade, there are "Reds" at the other end. The coal companies are caught between two fires. This is the main reason why there has been so much class war in the British coal trade.

Now that the coal companies are free and regaining their prosperity, the probability is that there will be a closer contact between employers and miners.

It has now become clear that both must combine to fight a common danger—the increased use of oil. Britain is paying \$225,000,000 a year for oil. More than 6,000,000 tons a year are being imported, chiefly from America. More than a third of the ships on the high seas are now fired by oil, not coal. Very soon, half of them will be oil-burning.

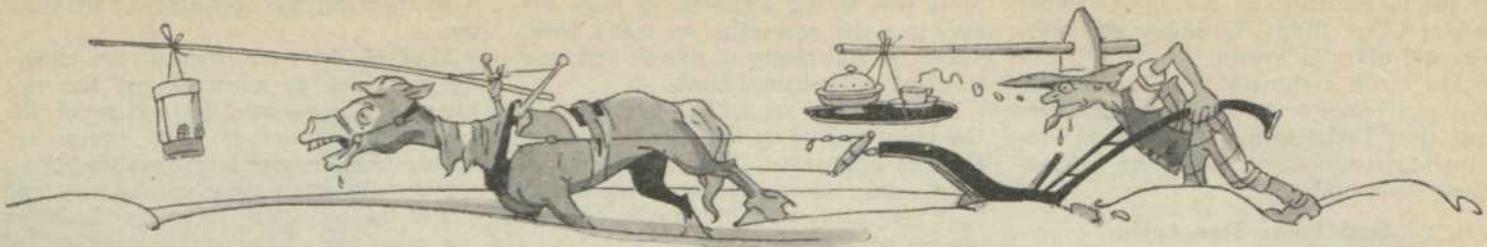
Much is hoped from a new process, invented in Germany, by means of which oil is made from coal. Several small plants are now in operation in England. The oil can undoubtedly be produced, but not cheaply enough to compete with the imported oil.

So, as you can see, the British coal trade has learned to its cost the effects of State control. It has very nearly been destroyed, and it has come very close to pulling the whole nation down into a state of industrial chaos.

KEYSTONE VIEW



The Ministry of Labor gets a load of coal in the most approved fashion. Most deliveries are made this way—in bags, which are carried into the coal-cellars on men's backs



When Is Industry's Job Complete?

by IRVING S. PAULL

"Not until every home possesses bath tubs, telephones, electric lights, radio, automobile . . . will industry have fulfilled its marketing purpose"

Illustrations by Charles H. Forbell

A QUARTER of a century ago nearly half of the industrial effort of this country was directed toward the production of the basic necessities of existence. Now, less than a third of the industrial effort is in that direction.

Until recent times the chief, almost the whole, purpose of industry, was to supply such staple articles of consumption as food, clothing and shelter. We are now engaged in improving our social situation.

Forty-six per cent of the value of goods manufactured in 1900 was for food, clothing and footwear, building materials and building equipment, furniture and house-furnishings. Products of this character now represent only 32 per cent of the total value of industrial output. During the past twenty-five years we have increased per capita production by 49 per cent. Our volume of output has grown 178 per cent since 1900, but we require only 87 per cent more persons to produce the increased volume of goods. Instead of performing the drudgery of human machines, men and women in industry are now operating mechanical devices which produce in greater volume than could be done by manual effort.

The dexterity and skill of human hands has been duplicated and not infrequently surpassed by automatic machinery. An example is found in the bottle-making machine, which produces more bottles than

fifty men could do. Thousands of operations that were dependent upon the trained craftsmanship of workers at the beginning of the century are now performed with mechanical precision by tireless machines.

The time-saving effect of mechanization is shown in the fact that the average industrial worker now works about 48 hours per week as compared with 54 to 60 hours in

activities of lifting and moving weight. The difference between the old methods and the new is a total gain to society.

With an increase of only 48 per cent in the number of workers engaged we now produce 85 per cent more manufactured food, textiles, leather and its products, lumber and its remanufactures, stone, clay, and glass products than we did twenty-five years ago.

Our increase of production in these lines has been somewhat in proportion to our growth of population, but in some other fields we have outstripped population growth more than a hundredfold. In the production of iron and steel products, chemicals and allied products, metals and metal products, paper and printing and allied industries we have gained 367 per cent in twenty-five years with the addition of only 126 per cent in number of workers.

During the same period, as a result of the development of the automobile, we have seen an increase of 4,666 per cent in production of vehicles for land transportation, but the mechanical efficiency of the industry is reflected in the fact that the increase in number of workers has been only 326 per cent.

Some appreciation of the tremendous strides we have taken in so short a time as twenty-five years can be gained from the following illustration:

The Pioneer

by Harry Kemp

He sent beyond the stars
The first ship's lonely prow;
He gave the wilderness
In marriage to the plow;
He voyaged, fought, and toiled;
He sought—that we might find;
He passed—shall we forget?
He left his works behind:
On his laborious days
We've set our house of ease
And laid the ample base
Of giant industries. . . .

His deeds, too swift of foot
For out-breathed, lame renown,
Have soared too high and far
For glory to pluck down;
A great dream bore his soul
On its sustaining wing;
He tracked an Odyssey
That Homer's self might sing!
While mankind's famous dwarfs

Strut their marked inch apart,
He's grown a nation's thought,
The life-blood in its heart . . .

Upon his buried rock
Our temple is made sound;
From hidden seeds he sowed
Our harvests most abound;
By his, our ways must stand,
Through him, our hope endure:
On what his spirit dared
Our country is made sure.

If we depart from him
The cause we hold is lost—
We wander from his ways
At a whole nation's cost! . . .

Then let us, each and all,
In awed acceptance bow
Before his star-led ship,
His prairie-wedded plow!

1900. Hardly 6 per cent of the industrial workers enjoyed a 48-hour week a quarter of a century ago.

Not only has time been saved in industrial methods but human energy has been saved. Two men with mechanical conveyors can unload more coal than fifty men could do with wheelbarrows and scoops; seven men can accomplish the work of sixty men in casting pig iron. Human labor is too valuable to expend upon the mere ac-



Population has grown more than 50 per cent since 1900. The purchasing power of the dollar has declined 50 per cent in the same period. After adjusting these facts to our present figures, we are still in position to say that our present expenditures for wearing apparel and footwear would have been sufficient to pay for the entire output of agricultural implements, wagons, carriages, automobiles, locomotives, railroad cars, street cars, electrical machinery, chemicals, iron and steel works, rolling mills and blast furnaces, brick, tile, and cement products in 1900.

Men and women have been forced out of their occupations, only to find themselves in fields of greater opportunity and economic advantage. About 9 per cent of our gainfully employed population is now occupied in the facilitating activities of business under the classification of clerical workers. This group included only about 4½ per cent in 1900.

Industry and manufacturing now occupies about 30 per cent of the total number as compared with 24 per cent in 1900. Agriculture engaged the activities of about 36 per cent of the gainfully employed at the beginning of the century and now occupies less than 25 per cent. The agricultural industry shows the effect of mechanization in the fact that each farm at the beginning of the century was providing food

for 12.4 persons in the United States and now supplies 18.1 persons.

and farm products to supply 13.24 persons in the United States and now supplies 18.1 persons.

The number of farms has increased only 11 per cent during a quarter of a century, while the total population has increased more than 51 per cent. The present size of the average farm is slightly less than it was in 1900, but its equipment is very much different, with its tractors, gas engines, conveyors, milking machines, motor trucks and a variety of special-

ized machinery that did not exist a quarter of a century ago.

The relative number engaged in trade and transportation has increased nearly 20 per cent in the interval of twenty-five years.

During this period which I have discussed, in which we have increased the physical production of industry 178 per cent, we have increased the consumption of primary horsepower energy 256 per cent. In specific industries the application of power has revolutionized processes and multiplied volume of output, while creating undreamed-of economies.

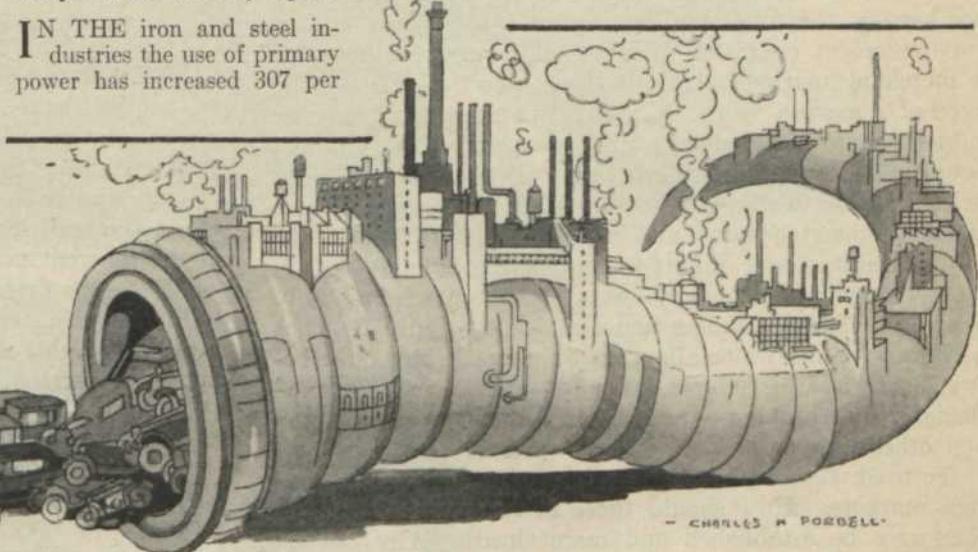
Output Increased by Speed

IN THE iron and steel industries the use of primary power has increased 307 per

positions in industry that did not exist in the industry of 1900, jobs such as exist in engineering and chemical laboratories, research departments and statistical division. Industry now endows research in "pure science" in order to enjoy its by-products of new knowledge.

These achievements are not an end in themselves, but simply a means to economic and social progress. Their ultimate purpose is on behalf of the individual member of society. So great are our industrial capacities that support for them can only be realized by making their products available to practically all of our population.

Not until every home possesses bathtubs, telephones, electric lights, radio, automobile, chemical refrigerator, and the multitude of products of modern industry will industry have fulfilled its marketing purpose. The possession of these advantages



- CHARLES H. POSEY -

"The common purpose of industry—to make its fruits available"

is a purpose of the entire population. The common purpose of industry to make its fruits available and of society to attain them for each of its members, is the fundamental stimulus of American progress.

Research is giving us new materials. It is showing us how to produce substitute materials by artificial means to replace those that have become scarce, or difficult to procure. It has found new uses for old materials that have ceased to serve their original purpose.

That is not all that research is doing for us by any means.

It is discovering new applications of old products and methods of making them available to increasing numbers of people. It is salvaging the discarded by-products of earlier times and making them valuable, and it is recovering wasted moments in every variety of industrial activity and giving them productive value.

It is finding new occupations for those people who are not needed in their previous fields and in this way making society self-sustaining on a constantly rising plane of living.

NATION'S BUSINESS

Published by the Chamber of Commerce of the United States

MERLE THORPE, Editor

Washington

December, 1927



If it is not for the public good, it is not for the good of business.

The Hope of a Merchant Marine

A READER asks how the American flag is to be kept at the mastheads of ships on our foreign trade routes if the Shipping Board flag is hauled down. We indicated in our September number how this could be done—how private initiative and enterprise can be drafted to buildup our overseas shipping, how more Dollars and Munsons and Graces and Farrels can be added to the list of those who are keeping the American flag on our trade routes.

Government operation does not offer any real hope for a merchant marine. And to those who feel deeply the need of a marine, as the NATION'S BUSINESS does, may we submit again that always and everywhere, government operation of any industry has been invariably three jumps behind public demands. The hope of a merchant marine equal to our telephone and railway systems lies in the resourcefulness and initiative of the individual—not in bureaucracy. Government has a part to play, but only this: Establish conditions under which the individual has a chance for his white alley, an even break, not only between him and his fellows but also—and this applies particularly to shipping—an even break between American and other nationalities.

We need shipping services to connect our ports and foreign markets. How should these ocean highways of our commerce be established and maintained? Why not by the same method that our federal and state governments secure other things the public interest requires? Why not look over our shipping situation, pick out the lines we need—many of them are already in operation by the Shipping Board—and then let the Government enter into definite contracts with private ship operators to take over and maintain these services?

Careful, Gentlemen!

IF THAT Michigan State College course in ditch-digging carries a degree, it should be clearly distinguished from the old-established D.D. When we seek guidance to avoid the pit, we can't run the chance of getting a D.D. qualified only to get a man into a hole.

A Significant Experiment

MORE than the million persons directly concerned with the manufacture, sale, and servicing of General Motors products, and the millions who use them will be interested in the corporation's venture into broadcasting. When a billion-dollar industrial organism takes to the air, it is reasonable to expect a significance beyond the social service promised in "good music and other entertainment."

And who knows in how many homes the valued name of Cadillac or of Frigidaire will vibrate for the first time? There is no Audit Bureau of Circulation for radio, but a cross-continent hook-up of twenty-eight stations is a shrewdly calculated mechanism for making new conquests of good-will. To the pleasure loving, the programs will

offer welcome pastime. For publishers, they are more likely to invite soul-searching as to the effects of "The New Competition" in their own front yard.

Chart for an Age of Machinery

IT WAS as a matter of concern to their business that the financiers attending the Dallas convention of the American Bankers' Association heard Melvin Traylor plead for a revival of tolerance and a fresh baptism of faith. Speaking as their president, he commended his hope that

we may be rich without forgetting to be righteous; that we may have leisure without license; that we may be powerful without being offensively proud; that we may be nationally-minded without being narrow-minded; and finally, that we may live in a world of fact without surrendering our faith.

Our dealings with our fellows today, plainly enough, are being effectively mechanized. The present opportunity to which Mr. Traylor points, invites us to see that our national life is more highly humanized and liberalized.

An Observation on Public Servants

SEVERAL misguided friends, in a sincere effort to be helpful, have chided us for our recent criticism of a government board. "Government officials should be above such criticism," runs the tenor of the notes, many suspiciously similar in their wording. In fact, in two or three cases, the trail leads back to employes of the Board—one of the inherent evils of bureaucracy—although our friends would be the first to deny such inspiration.

In answering one of these letters, one written more in heat than light, we were moved to quote the late Marse Henry Watterson, who in a similar situation lamented:

Things have come to a hell of a pass
When a man can't cudgel his own jackass.

When *public* officials cannot stand *public* criticism, honestly given, they should look for a boss in private life where, we understand, such criticism and restraint are notoriously absent.

Wanted—A Judge, Not Hangman

NOT the fear of investigation, but a reasoned distrust of the methods and motives of investigators is exercising the directors of public utility companies. Representative of their state of mind is a statement by Philip H. Gadsden, vice chairman of the Joint Committee of National Utility Associations. He said:

I do not hesitate to state that in my judgment we should welcome a comprehensive and thoroughgoing investigation of all the phases of the public utility business conducted by investigators qualified by training and experience to develop all the complex facts of the second largest industry in the United States without partisan or sectional prejudice and free from political bias.

The resolve of the companies to make their case with the people signifies an aggressive faith in the integrity of their business. Nor is appreciation of the public interest found wanting in the determination to carry the explanation of utility operation beyond the million or so employes and the five million security holders. And as its mysterious complexities—common to every industry—fade out, unscrupulous politicians will find it more difficult to get hearings.

A Plea for Self-Regulation

TIMELY is the counsel of Judge Edwin B. Parker, chairman of the Board of Directors of the United States Chamber of Commerce. Business men, he believes, have in their own hands the remedy for over-legislation and

excessive regulation. Regulation from within is the effective alternative to bureaucratic meddling. That sort of regulation comprehends cooperation with upright public agencies, unceasing warfare upon waste and inefficiency, and sound principles of business conduct designed to promote the welfare of business and give the best service to the public.

Of the present practicality of this program Judge Parker takes due notice. It is a heartening fact that enlightened men of affairs no longer think to prosper by exploiting customers, by misrepresenting their financial condition, or by driving corrupt bargains with political spoils-men. True, there are deviations from this intelligent policy, yet the exceptions are rare enough to prove self-regulation the acknowledged rule of business that succeeds and endures.

Minus the Trademark

GIFT of a park, a library, or a hospital to a community is a public benefaction not likely to be resented because it advertises its donor. By the act of giving, the giver naturally and properly puts himself in position to have his name used, and when labels of that sort are applied, the public almost always approves.

If an exception to this general practice of identifying gifts were required to prove it the rule, there is the story related of the late Austen Colgate. One of the Jersey City commissioners informed him of the need for a playground there. Colonel Colgate asked the cost. The estimate given, he replied, "Build two of them," and instructed his secretary to write a check for the whole amount. "I'll name them for you," said the grateful commissioner. "If you do," protested the colonel, "I won't give you the money. We pay for our advertising in other channels."

"The Whirlpool of Distribution"

EVERYBODY sells everything. Filling stations carry candy, drug stores urge you to buy bathing helmets, tobacco stores offer sandwiches. "The Whirlpool of Distribution," one writer for NATION'S BUSINESS called it. Here's an addition to the list:

A jewelry store sells golf clubs, for \$8 a set, and on the instalment plan, 50 cents down and 50 cents a week.

A Casualty of War

JUST three years short of rounding out a century in business, Cramps' shipyard at Philadelphia has shut down and is now for sale. Ninety-seven years in business. Not many firms attain that ripe old age. This yard had built many wooden ships, and it also helped to establish the new



Nelson Harding

dominion of the ironclad. War craft were a specialty with Cramps'. The Navy was a good customer. In all, merchant and fighting craft, 524 ships were constructed. During the World War, 11,000 men were on the rolls. With peace times again, orders began to fall off. There was not enough work to keep the eight ways occupied.

The evidence here is that peace has penalties no less severe than war. But if industrial dissolution is the price paid by the owners, they still have the enduring satisfaction of giving the maritime world a memory of good ships and a good name.

Faith—The Keystone

THE MOST important thing in our business life is confidence. Ninety per cent of our business operations are conducted on credit, and confidence is the bone and sinew of credit. Its ramifications extend from the biggest bank in New York City to Squirrel Corners.

A man boarded a street car, gave the conductor a dollar bill, and the conductor returned his change in nickels and dimes. The passenger put the money in his pocket without counting it.

"Hold on," said the conductor. "How do you know I gave you the right change?"

"Oh," replied the passenger, "how do you know the dollar bill I gave you is not counterfeit?"

Hands Across the Sea

What American Business Is Doing to Help Stabilize European Trade Conditions

by JULIUS H. BARNES

WHAT is American business doing to aid in the stabilization of Europe?

First, may I set down some personal convictions, born of experience, which are necessary to any appraisal of cooperative effort between America and Europe.

America has a uniform unit of currency, freedom to transfer moneys and people without hindrance, similarity of ideals, and a constitution which recognizes and protects individual rights and privileges. Contrast these conditions with those existing in the twenty-seven countries of the Old World, and it becomes apparent that a considerable barrier of custom and tradition stands in the way of immediate results from cooperative effort. There is conflict in political, social, and economic ideas and ideals, and these are so intertwined that every effort at business cooperation in the economic field must give due consideration to the influence of politics and government.

For ten centuries in Europe, the opportunity of the individual has rested upon the permission of some established authority—usually political. The very spirit of the labor parties there conceives that hours of work, rates of wages, disability insurance, even housing itself, are proper functions of the government, and that political pressure is the proper agency to force the recognition of such special protection and special privilege.

The employer class also accepts the government as an agency of commercial enterprise, and even encourages it to become a dominant influence in international trade through the influence of shifting tariffs. On both sides there is a too general acceptance of the theory that the government may properly enter the field of private enterprise—may own and operate railroads, telephones and telegraphs—a conception which violates every fundamental tenet of American faith.

In America we have held, as a tenet of our faith, the belief that government exists primarily to preserve for the individual his own fair opportunity

and his equal chance. Step by step, as our population has increased and living has become more complex, we have adapted the structure of our government to protect the rights of the individual.

A generation ago, we found that railroads, through the power of rate-making, held a check on the opportunity of every individual, industry, and community. If the scales were to be held level in the business interest and in the preservation of individual rights, some form of control or regulation became necessary.

Where the State Can't Help

FACED with the same problem, Europe would have rushed to government ownership and operation of these great arteries of commerce, and the spirit of business enterprise depending upon them would have been stifled by the very lethargy of bureaucracy. America found its answer in a regulatory commission—the Interstate

Commerce Commission—and thus protected both the individual opportunity and the public interest.

A generation ago, industry was grouping itself into combinations of such wealth and influence that, unless they were guided by high ethics of industry itself or controlled by public authority, individual opportunity, which rested in trade competition, could be destroyed. To take care of this situation America created a Federal Trade Commission and framed its Anti-Trust laws.

Similarly we found that banking power and influence were concentrated in a few centers, which might exercise undue influence and power in times of panic. And out of the panic of 1907 emerged a public sentiment which created the Federal Reserve System. This was an American conception. And the fact that for twenty years the absence of panics has discredited the numerous charts forecasting recurrent inflation, depression, and money panic,

shows that American resourcefulness could find in the financial world the same security by cooperative and voluntary effort as by directly injecting the authority of government into the channels of credit.

So, too, in labor. Intelligent direction of industry has enlarged the opportunity of the individual worker, increased his wages and buying power, relaxed the drudgery and strain of his manual tasks—voluntarily. And what we have done in this direction is far in advance of what politically enforced intervention of European governments has accomplished for their working classes. Fortunately we have no caste strata to stifle individual effort and attainment.

All these examples go to show that, step by step, Americanism has constantly adapted itself to the changing complexity of its social structure, and has preserved for the individual a fair and equal chance to find his own place by his own ability, character, and effort.

Concurrently we have developed a new economic philosophy. Discarding the Old World tradition, we found that the well-being



Recovering world trade means better living standards for half a billion Orientals and one-third billion Europeans

of a people came most directly from the creation of wealth itself, by producing in increasing volume the thousands of things for every-day use. By applying brains to the direction and administration of industry, we harmonized the factors of high wages and low costs. We found that high wages meant expanding markets. By replacing purely manual effort with skill and intelligence, we were able to arrive at low-cost production. We brought down the cost of things to use, and thereby enlarged the opportunities of potential users.

This economic concept has not yet reached the Old World. There they still look upon labor as the chief cost of production. And until they adopt this philosophy, the result of which we are demonstrating by abounding prosperity, there will be points of antagonism every time America touches Europe in the realm of business economics.

The fetish of cheap bread in Europe and the depressing errors made under an outworn food tradition runs through all European industry and affects every European government. Law forces the admixture of rice or rye or inferior grain into bread of whole peoples. Statute governs the conversion charge between flour and bread.

Unprofitable Laws Must Go

LAWS which make the agriculture of Europe unprofitable and which tend to preserve a peasant class of low buying power will some day be swept away in the realization that enlarged farm income itself provides purchasing power for the products of other industries and, through higher wages, a sustained market for products of the farm.

So, too, in the field of international trade, government is made the agency of short-sighted bargaining for markets. This of itself tends to suppress the spirit of enterprise on which trade expands. Flexible tariffs which may be applied without notice at the discretion of governments create an unnecessary hazard. They destroy the very confident venturing into industry that gives industry and employment new life. Government injects itself into one industry after another. Which will be the next? The security from unfair and short-sighted government competition in the channels of trade is the very secret of American welfare. Not so in Europe!

In Europe it has seemed perfectly proper to use government as an agency of bargaining in tariff relations. An example is at hand in a very recent occurrence. A nation in Europe, traditionally friendly with ourselves, completed a reciprocal tariff with Germany, a recent enemy country, giving Germany low rates on certain products that compete with our own. Now, our conception of a tariff is that it should apply automatically to all comers, without discrimination. The French idea is quite different.

Without notice, France puts into effect extraordinarily high schedules on imports from America. Then she announces that she is ready to bargain with us to reduce those rates if we will grant special consideration to her own products. When we point out the uniformity of application of our schedules, we are told, in effect, that

what she wants is special concessions on French silks, stockings, and perfumes—and that she has no objection to our granting the same concessions to all other countries that ship us similar French goods.

This dispute is especially disconcerting because it violates one of the principles unanimously adopted by the recent Economic Conference of the League, a conference which French delegates attended with the approval of their government. One of the declarations of that conference reads:

That in the future the practice of putting into force in advance of negotiations excessive duties established for the purpose of bargain, whether by means of tariff *de combat* or by means of general tariffs, should be abandoned.

The conference therefore considers that the mutual grant of the most favored nation treatment as regards customs duties and conditions of trading is an essential condition of the free and healthy development of commerce between states, and that it is highly desirable in the interest of stability and security for trade that this treatment should be guaranteed for a sufficient period by means of commercial treaties.

These declarations, accepted by the delegates of practically all the countries of Europe, were aimed especially at a practice which has grown up in Europe of evading the "most favored nation" treatment by devices that smack of ill-faith. For instance, in 1902, by treaty negotiations between Germany and Switzerland, there was attempted evasion of the application of a lower tariff on imported cattle, in favor of Swiss cattle, by the application of a specially low rate on

large Dapple Mountain cattle or brown cattle reared at a spot of at least 975 feet above sea level and having at least one month's grazing each year at a spot at least 2,600 feet above sea level.

Read it again! And think it over!

During the World War, in an attempt by our War Trade Board to maintain the industry of neutral nations without contributing indirectly to the war effort of Germany, an allotment of imported cotton was allowed to Switzerland under the plea that a large body of her needle-workers depended for existence on a trade of "embroidered nightgowns" for re-export to Germany.

Certainly, to allow Swiss needle-workers to earn a wage, and provide the beleaguered people of Germany with sleeping-robés, did not seem to menace our prosecution of the war. Yet the Secret Service afterward discovered that nightgowns exported from Switzerland to Germany were, to be sure, embroidered round the neck; but they were actually some 34 feet in length—and suitable for aeroplane wings!

Evils of Tariff Bargaining

THE whole practice of using tariff bargaining for special concessions undermines the standards and ethics of entire peoples. It leads to the imposition of a tariff unduly high, so that it may be bargained down. It leads, within a country, to the sordid interplay of political influence between industries, and the sacrifice of one industry, so that another may gain special concessions in its foreign markets. American

business should understand the vital principle involved in this French tariff discussion, and understand, as well, that it violates the recently expressed judgment of the world on the principles which should govern the tariff relations between great trading nations.

That this situation should have arisen so soon after the Stockholm Conference is not so discouraging as it might seem offhand. The Rome resolutions on the principles under which reparations should be treated to facilitate the stabilization of Europe were passed less auspiciously.

When the business men of the world declared that the ultimate aim of currency stabilization must be a gold standard, a loaf of bread was selling in Berlin at 400 million paper marks.

Today, almost all the currencies of the world, on which international trade must function, are stabilized. France has stabilized the franc, Italy the lira—both, it is true, at a fraction of their full value. But at least there is a stable measure of value for trade purposes.

It does achieve results for business men to express their ideas of sound economic principles and mould public opinion that will make itself felt throughout the world.

Prosperity Not Based on Gains of War

THE business men of America have had a chance to show in intimate discussion with the business leaders of other countries, that the prosperity of America was not based primarily on the gains of war, but on a new economic philosophy. When our business prosperity is indicated by an increase in railroad traffic of 46 per cent without increase in railroad personnel, there is no hint that that gain in economy in service was made through the war misfortunes of other peoples. When in the period since the armistice, our output of automobiles per worker has increased by 210 per cent, resulting in advancing wage scales and yet lower-priced automobiles; when the increase in the electrical industry is 130 per cent per worker; when in agriculture 15 per cent—these indicate the application of American methods rather than advantages by war.

The leaders of European countries are now beginning to realize that the dislocation of healthy trade and the destruction of earning power resting on everyday employment, has been more important in the aggregate than the destruction of war itself. America is no exception. The general position of average living standards in America today is probably actually lower than would have been attained today had there been no interruption of the onward march of scientifically administered industry by the dislocation of war demands.

There is a spirit distinctly encouraging in the attitude of European business men in contact with those of America in the consideration of questions which affect the welfare of the world. It is only by contact, by sympathy, by trying to understand their viewpoint and presenting our own with a sturdiness of matured conviction—only in this way can we succeed in initiating in Europe those practices which we believe have proved so effective in elevating American standards.

Let's Talk Low Freight Rates

by ROBERT S. HENRY

Illustrations by A. E. Kromer

AUGUST 26, 1920, railroad freight rates were raised, the increases ranging from 25 to 40 per cent in the various territories into which the railroads of the country are divided for rate-making purposes.

This increase, coming just in time to get a large share of the blame for the collapse of all sorts of prices in the great deflation, became just about the best advertised event in recent business history. It put "high freight rates" into our business vocabulary and, for political purposes, almost made of the phrase one word like "damyankee."

That was seven years ago. A large part of that increase has disappeared, whittled away by the unadvertised process of reductions and adjustments, so that the 1927 freight rate, per ton per mile, will average but an inconsequential fraction higher than those in effect before the "big advance."

And yet this great reduction in rates, amounting to more than seven hundred million dollars a year, is simply not known in any wide sense. An advance, or a proposed advance, in railroad rates attracts almost as much attention as a successful trans-oceanic flight, it seems, while reductions in the aggregate equaling the advance get about as much notice as a 1927 Channel swim.

A fair comparison is given by a check of the proposals acted upon by the Southern Freight Association during a sixty-day period this summer. Of the proposed changes in rates considered by the Association or put into effect without its consideration 33 called for advances in rates, 25 provided for both advances and reductions—and 1,142 were reductions. It is a safe bet, however, that many more people have heard of the 33 advances than of the 1,142 reductions.

This process of gradual adjustment downward, which is typical not only of the southern territory but of the country as a whole, together with occasional percentage reductions such as those on agricultural products, has brought about a decline in the average revenue per ton mile of about one-sixth, so that the average rate which stood at 1.275 cents in 1921 has fallen to 1.082 cents in 1926, with strong indications that it will be as low as 1.060 for 1927.

The most potent and least noticed factor in this decline aside from the reduction of 1922 has been the "adjustment"—a word

which, in most cases, is a euphemism for reduction. The business of securing reductions in rates and resisting advances is a well-organized industry in itself. Individual enterprises, associated industries, cities, regions, all have their traffic managers whose duty it is to see that their rates are not less favorable than those of competing industries, towns or regions, and are, if possible, a little more favorable. The keenness with which rates of competing industries or regions or on competing products are scrutinized is indicated by the complaint of an eastern manufacturer who protested to the Interstate Commerce Commission that the carload rate on hobby horses and the like was too low as compared with the rates on his own competing product, dominoes and checkers.

Another very real and potent factor in advertising increases in rates and ignoring reductions is the industrious alibi artist who

puts the responsibility for the prices he charges the consumer or pays the producer on "high freight rates." Gasoline bought at a filling station in a Middle Tennessee county town, located on a branch line, is three cents a gallon higher than the same gasoline in Nashville.

Higher Rates to Branches?

UPON inquiry as to the reason the buyer is told that it is because freight rates are higher to the branch line town. Investigation of the rates shows that the total

rate from the Louisiana refinery to the smaller town is just about three cents, while the difference between that and the Nashville rate was but six-tenths of a cent. In another town merchants charge ten cents a spool for cotton thread that costs but five cents in the cities, and blame the price on freights. The total freight on a spool of thread is hardly enough to calculate, while the difference on which the five-cent boost in price is based is infinitesimal. The

ordinary customer, however, accepts the statement of the merchant without question, and so freight rates get a part of their reputation for altitude. The prize example of this sort of thing, though, is that of the dentist who ascribed an increase in his fee for filling a tooth to a raise in the freight rate on dental cement—and got away with it.

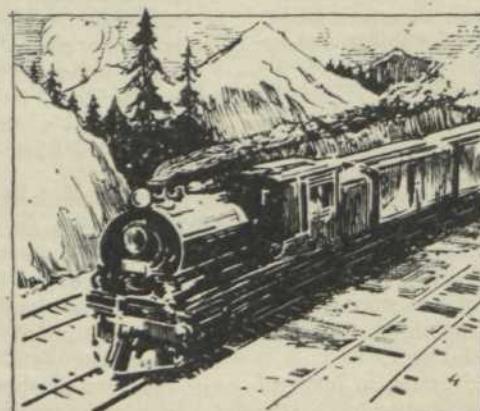
As freight rates are more and more being made on a straight distance basis, the ground for any feeling on the part of branch and local points that their rates are higher than those of the larger centers disappears. Whether the feeling itself will disappear, or whether it is to the best interest of everybody to have rates worked out on mileage scales without reference to local transportation or commercial conditions, is another matter.

With freight rates back about to the level at which they stood during government operation of the roads, with wages rising again to substantially the same levels as in 1920, with taxes half again as much as they were then, it may well be asked how the railroads are escaping the tidy little deficit of forty million dollars a month which the Government enjoyed during its operation.

Evidently the trend of the next few years is to be toward declining rates, with increasing costs for wages, the largest single item of railroad expense, and for taxes, which have quadrupled in fifteen years and are apparently pushing forward to displace fuel as the second largest item in railroad expenses. This trend is developing to a large extent at least, because of the fact that 50 adjustments of rates upward receive many times the publicity given to 1,000 adjustments downward. So long as people at large continue to believe that the only kind of freight rates are "high freight rates" and that the only way to save money on transportation is to have rates at

rock-bottom level, whether or not any surplus is left to provide the improvements which alone can cut the cost of producing the service, the railroads are going to be continually up against the same sort of problem that faced them through the long, lean period from the '90's until the war, and that faces them now.

The problem can be solved to the profit of the country as well as the railroads in but one way, by improved plant, greater efficiency and lowered costs.



"The trend of the next few years is toward declining freight rates"



"And then there is the dentist who blames the higher cost of filling teeth on freight rates on dental cement"

Keeping a Public Utility Human

by FREDERIC H. HILL

Vice-President, Elmira Water, Light and Railroad Company, Elmira, N. Y.

PUBLIC utility companies are coming to realize that it pays to be neighborly.

The old idea that it was the utility's business to sell gas, electricity, and traction service, and that it was nobody's business how it was done, is passing.

It is very much the community's business how its utility company functions. The fortunes of the two are inseparable. If one prospers, so will the other, under normal circumstances.

If America is to have happy homes, comfortably equipped, the utility company must be a party to it. The light, heat, power, and other factors are the products of the oft-despised utility company. If the factory prospers, the utility company has been a party to that prosperity likewise.

Electricity has increased man's power. Man is too quick to overlook the fact that this power is captured and made available in usable form by his local light and power firm.

Corporations Are Human

ULTILITY companies are trying to increase their own sales by raising living standards. It is enlightened self-interest, to be sure. If it is successful—and it is—who shall blame these companies? They are corporations. What of it? Crackpot politicians have done all America harm when, in days past, they have attacked big business. A big business is made up of thousands of little units. When you analyze those little units, you find that each one is a man. The idea that a corporation is bad, *per se*, is asinine.

A utility company is a monopoly. It is in the public eye. It is subject to more political attention than other corporate enterprises. It must be eternally vigilant to keep its feet out of the political trough. Trouble of one sort or another is forever on the horizon.

In Elmira, we found ourselves in a hard situation fifteen years ago. The Water-Light Company was hated. It was hated with enthusiasm. It was looked on as a leech, sucking the life blood of the community. Employes were apologizing to their neighbors because

they worked for the company. In short, the company was "in bad" just about as far as it could go.

The situation was a mess. There was no simple remedy waiting to be applied. We had to build from the bottom up, starting with the foundation.

We began by asking our customers to tell us what was wrong with our service. We invited criticism and complaints. It caused some surprise at first, when we came out in newspaper and car-card advertisements asking to be told what was wrong with us.

At first nothing happened. We kept the advertising up for several months. Then we began to get replies. The street-car employes kept blanks for the purpose. The newspaper "ads" carried complaint coupons. Besides these, we got several hundred letters. These first complaints were striking. If we thought we were hated before, we knew it now. Many replies were frankly profane.

Every complaint was promptly followed by a call by one of the company's representatives. These agents showed the community that the company was honestly trying to give the best service it could, and to improve constantly. The personal element took most of the belligerency out of the customer's attitude toward the company. The agent saw to it that the customers were satisfied. It was the first step in reminding the community that the company was human.

We have found that the job of selling electricity, gas, transportation, appliances and the service that goes with them is only a fraction of our job. We have to create good-will which will stick in the minds of

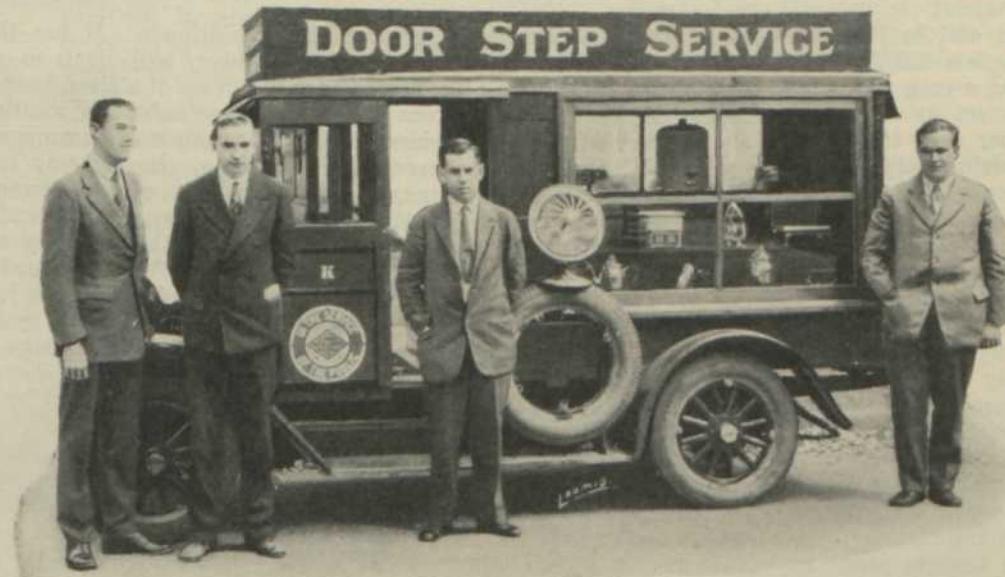
our customers. Commodities are usually easier to sell than ideas. There is probably no idea harder to get into the minds of a large group of people than that a public utility is a human organization. For years we have impressed upon our entire personnel the value of taking part in every sort of public activity. Our officers are coming to be in demand as speakers in schools, luncheon clubs and community groups.

The Corporation Goes to School

AT LEAST once a year an official of the company gives a talk in the high schools here on "What a Corporation Is." He gives an illustrated lecture on how a corporation comes into being, who makes it up, what it does, how it is affected by laws, and, probably the most important of all, how it is financed. The students are given something to think about. Few of them have realized before that, when we float a bond issue to build a new power plant, the local banks take most of the bonds. Or, in other words, the bank deposits of these youngsters' parents is being used to put up our power plant which lights their homes and schools.

Along with such educational work we have run a customer ownership campaign for the past five years. Our own employes and customers now have a direct financial interest through stock ownership, thus realizing a little more forcefully that anything that tends to harm the utility company will work to their own disadvantage.

Several years ago, retailers disliked us because we were in competition with many of them in the sale of electric appliances. We even sold at cost. We have entirely eliminated sales at cost and no longer take the bread out of the mouths of our own customers. We run sales campaigns together with the regular dealers now. Contractors, jobbers and retailers have organized an Electric League. Our own sales manager is president, and one of his assistants is secretary. This league has eliminated practically all friction both as to merchandising of electrical devices and installation of electrical service in the customers'



Good-will, sales, advertising—all in this truck

homes. It is worth while for a utility company not only to sell a considerable amount of its products and service but to make 'em like it as well.

Doorstep Service

ONE of the bright young women in this company had an idea about a year and a half ago that is now working successfully. She reasoned that each household should spend a certain amount with us regularly, depending upon the size of the home, the family and its income. If this household was not spending that amount, there was a potential market for more service and appliances. We made an exhaustive survey of the whole city. A survey crew listed every household as to present equipment, probable income, and possibilities. Then we started our doorstep service.

In this service, a salesman is impressed with the fact that when he rings a doorbell he ceases to be Tom Jones or Bill Smith. He is the "company." It is up to him to maintain cordial relationships and to make friends for the company. The salesman asks the housewife if the present service is satisfactory. If anything be amiss, he either repairs it or sends someone to do so immediately. Then he calls her attention to the doorstep service truck in front of her house and asks her if she wouldn't like to have some of these modern appliances demonstrated. Thus, many customers who are unable to get to any electrical store have first-hand information about these devices. A salesman is careful to explain not only the appliance and its use but also the cost of operation in cents per hour. This is surprisingly low.

This whole plan is working admirably. Enough is sold from the truck to pay the bills of the whole project. The advertising value of that truck and the good-will the salesmen create is invaluable.

In point of electricity used, the electric stove ranks first among the appliances we sell. Naturally, a utility company is keenly

interested in seeing more and more such appliances installed.

Last winter one of our suburban districts was not using enough power to pay for the maintenance of the service we were prepared to give. Something had to be done about it. It took a preacher's son to think up a scheme of improving this market and making us a lot of new friends at the same time. Our sales manager knew that the women's auxiliary in the churches in this neighborhood were particularly active. He went to the leaders among the women in the churches and told them that, for every woman their societies would bring to a demonstration, the company would pay 25 cents. This was tried out. The company was to send a demonstrator to the society meeting to cook a luncheon for the ladies assembled, which would be served after it had been prepared.

Winning the Younger Generation

MAKING the employees feel that they belong to a worthwhile organization has been a long up-hill pull. Fifteen years ago we had to import our young engineers and other promising material. It was brought home to us finally that we were in a bad way if we could not secure the best of the home talent for our own needs. We had the opportunity for them, but we were unable to make them see that the company was one they would be proud to work for.

Now, if anything, we have gone in the other direction. We tried to get high school boys for part-time work, college students on vacation and other young men and women of the community for such survey service as was mentioned above and other miscellaneous work. This is not pure altruism. We want to get a line on the best of the younger generation. It is a good thing, too, to have a place for young Tom Jones during summer vacations.

An idea of what the cooperation of our employees means to us was shown in a campaign recently closed.

We were trying to stimulate interest in better home lighting, to conserve eyesight, and to get customers acquainted with the advantages of inside frosted lamps compared with bare lamps. Sixty-three per cent of the employees took part. An average of more than six cartons per employee was sold. The railway transportation department sold the most. Among the ten leaders were five conductors. Some of the trainmen had become well acquainted with their passengers and sold many lamps right on the cars. Also, they called on their neighbors after working hours and demonstrated the lamps on the premises.

We were gratified with the results financially, of course, but more because it showed that the employees knew what the company was trying to do and were interested in making the company's efforts successful. Of course, they received a liberal commission for their efforts.

When a new family moves in, the Elmira Water-Light and Railway Company makes it a point to send a welcoming message, telling them that they can have electricity at once and gas very shortly.

The company then tries to give new families unusually prompt service, doing away with any possible inconveniences. Thus an agreeable first impression is created. We have even done away with the initial deposit if the credit is good.

Good Will Grows

YEARS ago, the phrase "Elmira Water-Light and Railway Company" was the signal for the profanity to start. Customers hated it cordially and vocally. Most of this has disappeared because we have hammered hard and long to get the idea across that it is a human institution after all and that it can only prosper as it serves well.

We still get some complaints from customers, but they are a matter of routine rather than of personal hatred. We are succeeding because we are not soulless.

What Readers Think About Taxes

TWO BROTHERS on the death of their father were left \$25,000 each. One brother found a man with \$25,000, and together they set up a partnership. The other brother went to twenty-five of his friends, obtained \$1,000 from each of them, and set up in a similar business in a neighboring town. The one brother has a partnership form of organization; the other has a corporation.

Both had vicissitudes, both prospered, but today the brother who is acting as trustee for the money of twenty-five friends is obliged to pay an extra tax because of organization form, although he is carrying on a business exactly the same as the partnership. He feels that the Government should not penalize him.

The hurdle which Congress will have to take in readjusting the corporation tax is the popular impression brought about by demagogues twenty years ago that the corporation is "big business," "Wall Street," "bloated plutocrats," "soulless." As a mat-

ter of fact the partnership is more often composed of richer individuals than the corporation which may be composed of thousands of small investors. Isn't it about time that we laid the ghost of demagogery and looked at the corporation for what it really is—an opportunity for widespread investment and participation, a thing that should be encouraged?

Tax Sentiment Is Revealed

THE sentiment of the country's leading business men on the question of tax legislation is revealed in the many letters which have come to the editor of the NATION'S BUSINESS.

There is widespread comment on the fact that corporate shares have been distributed widely to millions of small investors and employes of corporations. This thought is well expressed by George E. Roberts, vice-president, National City Bank, New York, N. Y., who writes:

"The corporate organization is entirely

legitimate. It has the merit of allowing many individuals to cooperate in the ownership of a given business, whereas it is impracticable to multiply the number of members in an ordinary unlimited partnership. In this way it enables a group of persons of small incomes to combine their resources and undertake a larger enterprise than otherwise they could handle. It enables persons of small means to have proprietary interests in large corporations. It makes possible a system of practical cooperation on a large scale. Why should the Government discourage such cooperation or penalize it by discriminatory taxation?

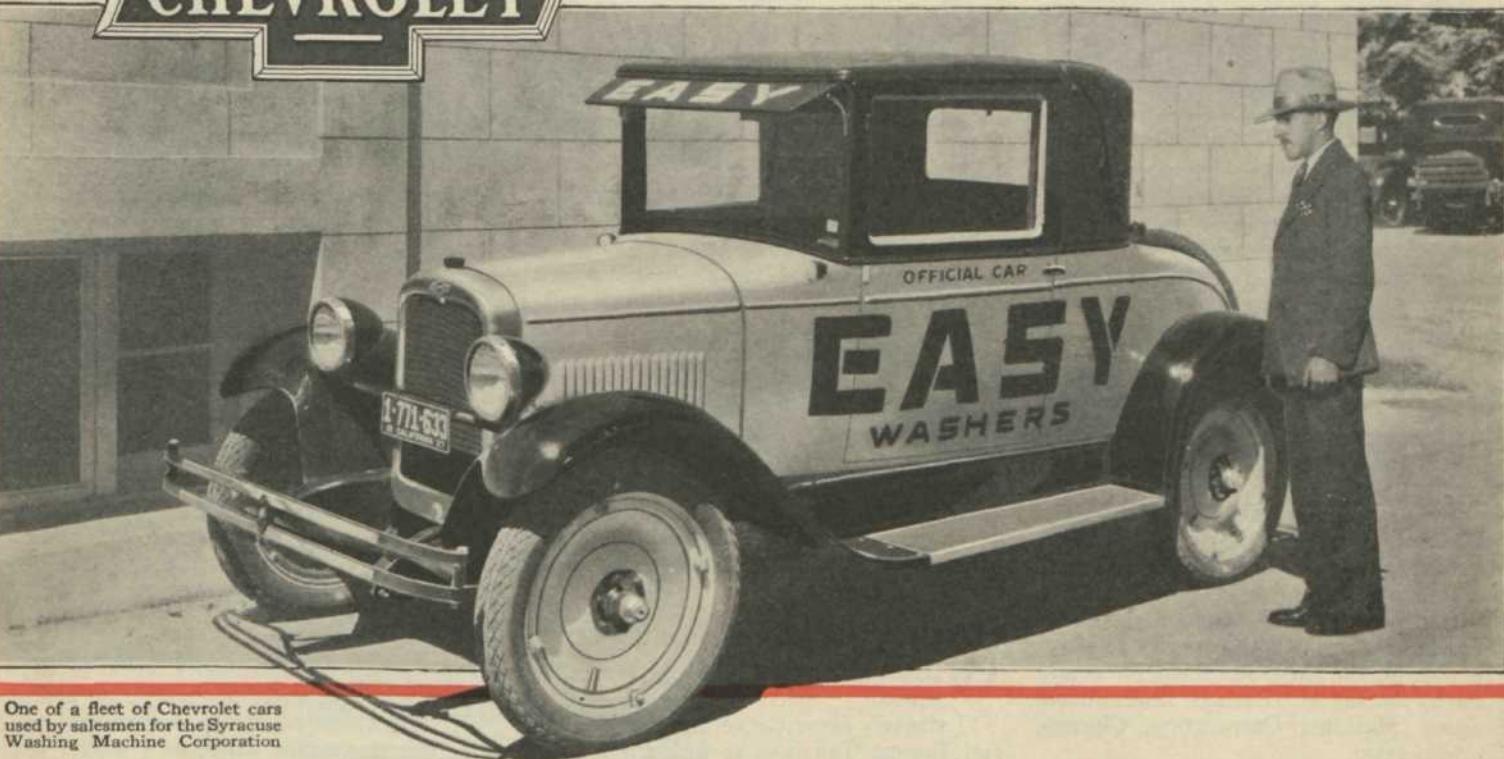
"The large corporations, whose stocks are for sale on the market, have many stockholders of small means. Many of the railroad and individual corporations have promoted the sale of their stocks to their employes. The present 13½ per cent levy upon the net incomes of corporations comes out of the shares of all stockholders alike,

for Economical Transportation

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EASY

OFFICIAL CAR

EASY
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Fleet Owners Find In Chevrolet

Beautiful Appearance and Amazing Economy

The Touring	\$525
or Roadster	
The Coach	\$595
The Coupe	\$625
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Sedan	
The Sport	\$715
Cabriolet	
The Imperial	\$745
Landau	
½-Ton Truck	\$395
(Chassis Only)	
1-Ton Truck	\$495
(Chassis Only)	
All Prices f. o. b. Flint, Mich.	

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They include the lowest
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The year 1927 has seen an amazing increase in popularity for Chevrolet cars and trucks among fleet owners. This is due to the fact that no other car offers such an impressive combination of appearance, dependability, outstanding economy, and low price.

Chevrolet passenger cars provide distinction and elegance previously considered exclusive to cars costing hundreds of dollars more—smart streamline designing... “fish-tail” modeling of the rear decks . . . bullet-type head and cowl lamps

. . . and full-crown, one-piece fenders.

Chevrolet trucks offer rugged construction and modern design that assure exceptional long life—with remarkable freedom from mechanical ills . . . factors that combine with Chevrolet's high gasoline and oil mileage to provide unrivaled economy.

Visit the nearest Chevrolet dealer today. It will take you but a few minutes to learn why Chevrolet has become the world's fastest selling gear-shift car!

CHEVROLET MOTOR COMPANY, DETROIT, MICHIGAN
Division of General Motors Corporation

whether their personal incomes are large or small, and in this respect is inconsistent with the graduated personal income tax. If the corporation was permitted to distribute the amount of this tax as a dividend, its stockholders would have to pay taxes upon their receipts according to the graduated scale and only those having large incomes would pay 13½ per cent or more."

Hard on the Little Fellow

ON THIS same point Thornton Cooke, president, Columbia National Bank, Kansas City, Mo., writes:

"It is too seldom remembered that the taxation of corporations is the taxation of individuals, and of individuals who are, for the most part, in moderate circumstances. As shareholders of corporations, individuals pay 13½ per cent of their income without deductions. In their own affairs, they would not reach such a figure, even in their top brackets, unless they had an income of \$30,000. As a matter of fact, the majority of corporation shareholders do not personally pay more than the 1½ per cent minimum of income tax. The discrimination is too much, and is in striking conflict with the principle that taxation should be levied in accordance with capacity to pay."

A plea for the small stockholder was also made by Samuel M. Hastings, International Business Machines Corporation, Chicago, Ill., who says:

"Maximum and minimum of the normal rates on individual incomes have been cut to 5 and 1½ per cent (marked down from 12 to 6 per cent); individual surtax rates have been reduced from a maximum of 65 to 20 per cent; federal inheritance taxes approximately have been cut in two. All other war taxes have been cut to the bone or wiped out. The single glaring exception is the corporation income tax, which, instead of being reduced, has been constantly increased, like the inflation of a toy balloon, until business is ready to explode."

The belief that federal taxation of corporations has a direct bearing upon prosperity is expressed by John G. Lonsdale, president, National Bank of Commerce in St. Louis, Mo., in the following language:

"Why excessively penalize the very fundamental of America's progress by artificially adding to the handicaps of business? In the present era of contrasting profits and keen competition, the incentive to corporation success needs seriously to be increased. With corporations paying 32 per cent of the tax, the only one not adjusted, but actually increased since the emergency days of the war, the consequent penalty is not alone to the corporation, or the small stockholders, but slows up the wheels of industrial development in which the common happiness of all is so inexorably interwoven. It's poor business to encourage poor business through unreasonable and especially unnecessary corporate taxation."

The same thought is put forward by Ernest T. Trigg, John Lucas and Company, Philadelphia, Pa., who says:

"I feel that the interest of the public as a whole, particularly wage-earners, is involved in this question, more directly, if possible, than is the interest of the manufacturer himself."

"Our nation is essentially an industrial one. It is industry that makes possible the building of churches, schools, roads, communities and all of the other interests which contribute to the public welfare. I feel that industry has carried its full share of the burden and that a reduction in the income tax at this time, to at least a 10 per cent basis, would have a stimulating influence, the effect of which would be felt throughout our entire national social fabric."

George M. Verity, president, American Rolling Mill Company, Middletown, Ohio, expresses the same sentiment as follows:

"The very radical change in our whole industrial situation and its intimate relation to the prosperity of the nation is now so well established and understood that the question of taxation as affecting industry can certainly be approached in a very different manner from formerly."

Federal taxation of industry creates a cost which affects every man, woman and child in the United States. For that reason every effort should be made by our national Government to reduce taxation as rapidly as possible."

Simplicity Needed

WILLIAM L. CLAUSE, Pittsburgh, states:

"I strongly favor the revision of the Federal Income Tax laws in order that they may be made more simple, more certain and more equitable. *More simple*, because the complexities in the present law absolutely baffle and bewilder the average taxpayer. *More certain*, because, as the law now exists, the taxpayer is unable to have his taxes determined with any assurance for a period of several years. *More equitable*, because, under the present law, there is a wide discrimination against the tax imposed upon the incomes of corporations as compared to the normal rates of tax imposed upon the incomes of individuals.

"I am not quite sure that the Government would be justified in making a cut in tax rates that would aggregate a reduction of \$400,000,000 a year. I assume that this proposal to make such a reduction is based upon last year's tax returns and on the assumption that both corporation and individual incomes will be as large for the future. I think there is great probability that the profits of many corporations will be seriously reduced and individual incomes will therefore be reduced by decreased dividend payments.

"I base this statement upon the generally accepted opinion that we are in a period of much more acute competition than has prevailed during the years of high tax returns, and I approve of the policy of our Treasury Department in underguessing rather than overguessing the federal income."

E. G. Griggs, president, St. Paul and Tacoma Lumber Company, Tacoma, Wash., states that:

"Corporations are entitled to pay a just share of the taxation burden, but they should not be singled out because of the fact that they are representatives of accumulated capital."

"Those of us who are engaged in business in the West appreciate what capital

has done for the West. It should be encouraged in the development of industries, and efforts made to equalize the burden of taxation will be appreciated by those who are interested in the welfare of our country. My suggestion is: Equalize taxation and then no objections will be raised in caring for expenditures such as the Mississippi Flood Control and other needs of national importance."

The Federal Government is taking 6 per cent money from taxpayers to liquidate 3½ per cent government obligations, according to James Baird, James Baird Company, Inc., New York, N. Y. "The representatives of the Treasury Department," says Mr. Baird, "have repeatedly advertised that by paying off great amounts of the debt there is an immense saving to the taxpayer. They do not take into account the fact that they are requisitioning the taxpayer's money which is generally considered worth to the business man at least 6 per cent, in order to pay government obligations with money worth to the Government only 3½ per cent. In other words, instead of there being a saving of 3½ per cent to the taxpayer on the debt paid, there is a loss to the taxpayer of the difference between the money value to the business man and the money value to the Government, probably about 2½ per cent."

"It is very unfair of the Government to advertise this saving when, as a matter of fact, it is a loss to whoever advances the money."

William Black, president, B. F. Avery and Sons, Louisville, Ky., says:

"The policy of making the present generation pay all the cost of the war is, in my opinion, unnecessarily burdening the taxpayers and imposing a hardship on business generally that is not warranted. A much better plan would be to spread the payment of the national debt over a period of sixty years following the war, which would be somewhat in line with the terms made in debt settlements with foreign nations."

How Much Debt Reduction?

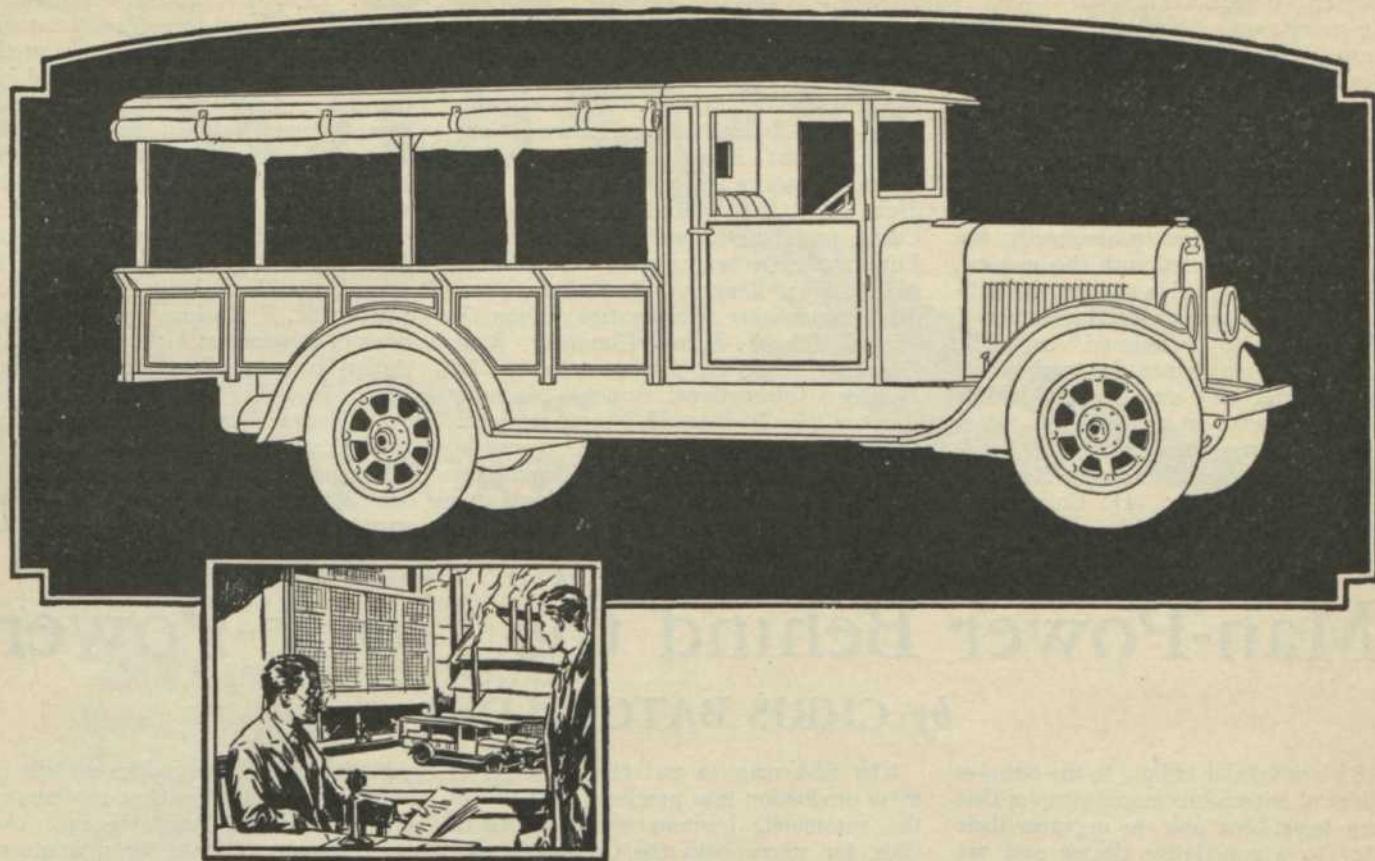
ON THIS same phase of the question Robert F. Maddox, Chairman, Atlanta and Lowry National Bank, Atlanta, Georgia, has this to say:

"As the United States has reduced its indebtedness approximately \$1,000,000,000 a year since the armistice, I think further reduction of this indebtedness should be made only after careful consideration is given to the interests of the taxpayers and should not be at the expense of the prosperity of the country."

"I understand the corporation taxes during the fiscal year 1927 yielded approximately one-third of the total taxes collected by the National Government. This shows an onerous burden on corporations and is more than they should bear and is an unjust discrimination."

"Surpluses are frequently dangerous," according to Milton E. Marcuse, president, Bedford Pulp and Paper Company, Richmond, Va. "Sometimes a deficit is a healthy check on unwise or unnecessary or unusual appropriations."

"There is no question but that the fiscal policy of the Administration should ever



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be substantially to balance federal revenues and federal expenditures.

"No more money should be taken from the taxpayer than is required to meet current expenses."

Continuation of the present rate of debt reduction is advocated by A. T. Simonds, Abrasive Company, Philadelphia, Pa.:

"The national debt should be reduced at about the same rate as it has been during the last five years, consequently the income should be figured with this in view, as well as on the high side to meet the ordinary running expenses of the Government."

"If taxes are to be reduced," says Mr. Simonds, "so as to reduce the total of the national income, they should be reduced in the following order in order to get rid of unfair taxes in respect to taxing every dollar alike: (1) Estate Taxes, (2) Nuisance Taxes, (3) Surtaxes, (4) Corporation Profits Taxes which should be set at a rate

to bring the Government out on the high side."

Prominent business men who have definitely recommended reduction of the corporation income tax to the more moderate 10 per cent include: Max W. Babb, vice-president, Allis-Chalmers Manufacturing Company; Albert Farwell Bemis, president, Bemis Industries, Inc.; Wm. Black, president, B. F. Avery and Sons; Thornton Cooke, president, Columbia National Bank; Edward W. Decker, president, Northwestern National Bank; A. R. Erskine, president, Studebaker Corporation; John V. Farwell, John V. Farwell Company; R. F. Grant, M. A. Hanna Company; Samuel M. Hastings, International Business Machines Corporation; Nicholas H. Noyes, treasurer, Eli Lilly and Company; John G. Lonsdale, president, National Bank of Commerce; Robert F. Maddox, chairman, Atlanta and Lowry National Bank; Milton E. Marcuse,

president, Bedford Pulp and Paper Company; J. P. Orr, The Potter Shoe Company; F. C. Rand, president, International Shoe Company; W. A. Sadd, president, Chattanooga Savings Bank and Trust Company; R. H. Treman, president, Tompkins County National Bank; Ernest T. Trigg, John Lucas and Company; George M. Verity, president, American Rolling Mill Company; Aug. H. Vogel; J. B. Webster, vice-president and trust officer, American Southern Trust Company; M. A. Arnold, president, First National Bank of Seattle; M. F. Backus, president, National Bank of Commerce; F. R. Bacon, chairman, Cutler-Hammer Manufacturing Company; James F. Bell; George R. Collett, president, Kansas City Stock Yards Company; Leon C. Simon, first vice-president, Kohn, Weil and Simon; J. C. Utterback, president, City National Bank; Wallace M. Alexander, Alexander and Baldwin, Ltd.

Man-Power Behind the Horse-Power

by CHRIS BATCHELDER

IT IS a remarkable tribute to the business ethics of automobile manufacturers that they have been able to organize their industry to a superlative degree and yet carefully avoid any semblance of the restraint of trade or conspiracy that has so often marred cooperative efforts in other lines of business. The motor industry affords an excellent example of just what cooperation between competitors should and should not include.

The first secret of this ability to avoid anything resembling collusion is that there has never been even a semblance of agreement between manufacturers in the matters of prices or sales. Few industries have been so highly competitive in selling. The second secret is that all decisions made by cooperative organizations in the industry have immediately been made a matter of public record.

Discuss Problems But Compete

MEN WHO sit amicably about a long table to discuss cooperative measures on such subjects as trade promotion, roads, legislation, patents and other mutual problems, return the next day to their respective plants to engage in the hardest kind of competition against each other.

Strange as it may seem, automobile makers were virtually driven into unity. In the early days, the industry was assailed from every side, and cooperation was resorted to as a defensive weapon. Before long, however, the offensive power of unity became apparent, and constructive measures for the development of broader markets were initiated.

It became evident in the very early days of the industry that the product had a universal appeal. It followed logically, then, that the country's ability to assimilate motor cars depended almost entirely upon bringing the cost of cars within the range of the greatest possible number of pocketbooks. So the fight for low production costs began.

The first man to put the principle of mass production into practical operation in the automobile business was Ransom E. Olds, for whom both the Oldsmobile and Reo cars were later named. When automobiles were unheard of at prices below \$2,000, Olds brought out the single cylinder Oldsmobile car with lever steering gear at a price of \$650. Its immediate success and the tremendous potential market that it tapped demonstrated clearly the advantages of the popular-priced cars, and the event marked a turning point in the nature of the entire business. Instead of centering their efforts on high-priced, custom-built models, after the European fashion, American producers set about the business of turning out cars which, because of their low prices, reached an ever-broadening market.

Henry Ford saw the vision of unlimited markets more clearly than anyone else and set out immediately with the avowed purpose of producing a car at the lowest possible price. His success has been the greatest miracle of the industrial world.

Now, with the greater demand for style, manufacturers, by some mysterious mechanical magic, manage to turn out of a single plant a score or more of models, and two or three chassis lengths, and at the same time give the buyer a choice of color combinations that shames the rainbow. This ability to turn out diversified products and yet retain quantity methods has been the outstanding production development of the last five years.

Public Favors the Industry

IN ADDITION to organizing their own plants properly and adjusting relations between themselves, automobile manufacturers have sought in every way possible the most cordial public relations. As a result, the public believes in the motor industry, and on many occasions has been quick to champion its cause.

But what of the future? It is patent

that the recent tremendous growth of the automobile business cannot continue indefinitely, and this inevitable fact has led many people to doubt the ultimate stability of the industry. While it is true that registrations may not continue their jack-rabbit jumps, there are several sales outlets which seem to promise increasing future production even in the face of a stationary American registration total.

Briefly these possibilities for the future are:

1. An increasing percentage of replacements to compensate for cars going out of use.
2. Broadening export markets.
3. The growing number of two-car families.

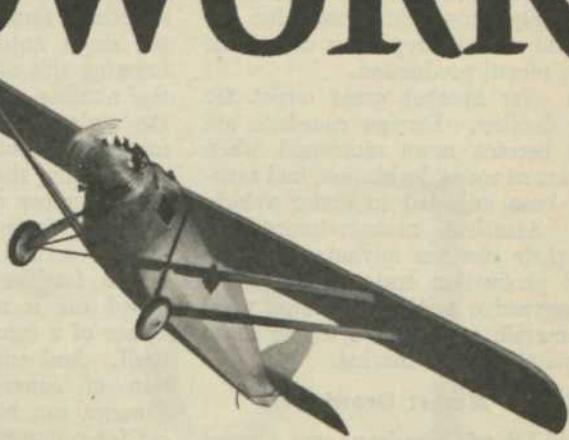
Saturation Will Bring Stability

THE SATURATION point is a myth! It might better be termed a vanishing point. There may, of course, some day come a stabilization point when the country has assimilated all the cars it can, and when registrations will run at about the same figure over a period of years; but such a state of affairs, far from being undesirable, would do much to remove the hazard of guessing markets which has proved fatal to so many companies. In other words, the future of the industry seems destined to be far more stable than its past, for the final attainment of a permanent maximum registration total will iron out the great peaks and declivities in the industry's production chart, and will do much to place the industry in the class of the more stable businesses.

All doubts as to the permanence of the motor industry are swept aside by the single fact that there are now 22,000,000 vehicles registered in this country. The continued operation of even that number alone means an annual replacement demand of more than 3,000,000 new vehicles, which figure was never attained by the industry in total production until 1923. That means

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that the industry will always continue to be one of the country's leading businesses even if registrations never exceed their present figure.

Within the next few years, this item of replacement of wornout cars will become an increasingly important factor, for the industry will soon be replacing cars made in years of record production.

Exports offer another great outlet for future production. Foreign countries are bound to become more motorized when such matters as roads, legislation, and taxation have been adjusted to motor vehicle demands. American manufacturers, because of their obvious advantage in the matter of production costs, and because of their aggressive tactics in foreign markets, are certain to obtain a major share of this inevitable world market.

Export Market Growing

THE SALES of American cars abroad have gained steadily in recent years. In 1926, 487,289 cars were exported, representing more than 11 per cent of the year's total output. The total value of all automotive exports in 1926 was \$423,000,000 making the industry the third largest export shipper.

Manufacturers are doing everything possible to cultivate the export market, and through the National Automobile Chamber of Commerce, are going systematically about the task of paving the way for greater sales of American cars abroad. American cars would have enjoyed even greater export in recent years were it not for the fact that such conditions as lack of paved roads, prohibitive tariffs, high taxes and oppressive legislation existed abroad, where cars are still considered luxuries.

It is toward the correction of such basic factors that the industry is centering its cooperative export effort. International Motor Transport Congresses, held annually, have led to a surprising increase in the construction of hard-surfaced roads in foreign countries, and have sent natives of foreign countries back to their own people with the story of automotive development in America. Automobile men from foreign countries are invited annually to the National Automobile Shows as guests of the American industry, and are shown what the automobile has done for America, and what it can do for their countries. With the cooperation of the Department of Commerce, equitable taxes, tariffs, and legislation are being sought and obtained by the industry abroad.

Representatives of the American industry are constantly traveling in foreign countries, lecturing, exhibiting motion pictures of American production and otherwise promoting good-will toward American motor products. One particularly enterprising effort was made recently when the National Automobile Chamber of Commerce sent a man around the world on a twelve-months' "missionary" trip. This representative, who will soon start on his second tour of the globe, conferred with government officials on matters affecting the sale of automobiles, lectured before foreign automotive men, exhibited motion pictures and acted generally as the Ambassador from

American Motordom, promoting good-will for American motor products by selling the idea of their use.

The increase in numbers of the two-car family offers another promising field for car sales of the future. The well-to-do American family is gradually outgrowing the single automobile. Three things are bringing this about: First, the increase in the number of women drivers; secondly, the style appeal that the open car has made in recent years as a sport model, and thirdly, the presence in America of a great number of families who can afford the convenience of a second car.

With several different individuals driving in families in which the cost of an added car is not prohibitive, the convenience of a second vehicle seems to justify itself. And entirely aside from the question of convenience, many families in America can now afford to have an open car for summer and sport use and a closed car for more formal occasions. Further exploitation of this market offers a real opportunity to car makers, especially those producers whose vehicles combine reasonable price with style, a combination which appeals in the matter of a "second car."

At the present time 18 per cent of all car-owning families in America own more than one car. The actual number of families owning two or more cars is 2,700,000. Otherwise stated, 10 per cent of all families in America now own more than one automobile.

The used-car problem represents the major worry of the automobile industry at the present time. Time was when the number of new car buyers who turned in old cars was relatively few. Now, however, four out of every five buyers come first to the dealer to dicker over the price to be allowed on the cars they now have.

As a result, many a dealer finds himself not in the business of selling new cars but rather in the business of buying old ones. Over-allowances on used cars, granted in an effort to make sales, have wrecked more dealer organizations than any other single cause.

Still the Used Car Problem

THE TRADE-IN evil is not only a matter of allowing money on the customer's old car and then selling it, for often the dealer has to trade that same used car for cash and another a less expensive used car, and so on, one trade after another, until he is finally out from under. One leading distributor of quality cars in New York estimates that for that reason he is forced to sell or trade 2.2 used cars for every new car that he sells.

The secret of the used-car difficulty is that not all of the three parties involved can usually obtain a bargain in the transaction. Either the seller, the dealer or the purchaser must generally take a loss, for the simple reason that the value of the car cannot usually be enhanced during the selling processes.

In the average case, the man who turns in his car gets at least its full value. The dealer then services it, pays storage charges, and is subjected to the cost of selling it, a process which, it is estimated, necessitates resale at a price at least 15 per

cent higher. But its value, unless it is offered at a time when the market is far better, or taken to a place where a much greater demand for used cars exists, does not increase, and the man who buys that used car from the dealer cannot be expected to pay 15 per cent more than the car is really worth. It is futile for the dealer to maintain such a price, for if he does, in the end he finds himself so heavily stocked that he is forced to sell at lower prices in order to liquidate. Then there must also be considered the fact that day by day the car is growing older, more out of date, and therefore able to command only a constantly decreasing price.

There is only one answer to the used-car problem. The dealer must buy them right. He must allow on a used car only a sum which will permit the addition of his 15 per cent selling costs and still allow him to make a fair profit at resale at the actual worth of the car to the man who finally takes it off his hands. This may seem a simple enough solution, but with competition what it is, the buyer of a new car often makes his choice between cars of almost equal price and merit, on the basis of his allowance on the trade-in. Many a car owner knows what it is to "shop around" for a trade-in allowance before he buys a new automobile.

A Business of Style

ALTHOUGH the standardized methods of the automobile industry might seem to make it possible for organizations almost to run themselves by system, it is a fact that today more than ever before, the destinies of individual companies rest upon the skill of far-sighted leaders who can forecast public taste. The automobile business is as much a style business as the business of selling millinery.

Yesterday's paper is as good as today's from the standpoint of physical make-up, but it's out-of-date, and many a car manufacturer has found too late that his date line has been a day behind the times. In 1925, the profits of one leading automobile company startled the entire business world. In the following year, because leaders of the company failed to diagnose properly the trend toward bright colors, profits of that same company were reduced fifteen million dollars or 25 per cent of the total for the preceding year. A change to brighter hues was immediately effected and earnings during the present year to date have again been eminently satisfactory.

Men are still more important than machines in this business in which the latter have always seemed to be the dominant factor. Proof of this fact is shown by the continuing success of companies which are dominated by strong personalities. The Ford, Chrysler and Nash organizations are outstanding examples. Investors in motor stocks are paying more attention to character, experience and shrewdness of company leaders than to physical equipment and manufacturing systems of a company. Man-power is still the dominant influence behind horse-power in America.

(This is the last of four articles on the history of the automobile by Mr. Batchelder.—THE EDITOR.)

Payroll

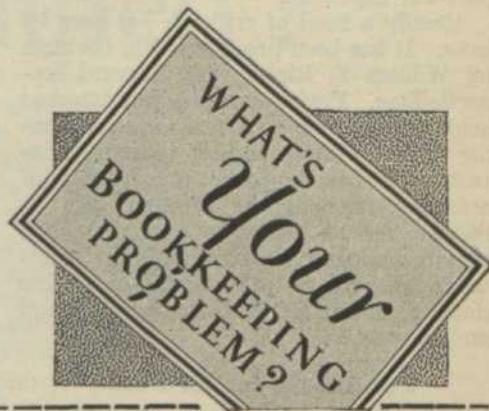
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Firm _____

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Utility companies are the natural outgrowth of such water-power stations as shown here. A Marlboro, N. Y., grist mill, still running

PHOTO © KEYSTONE VIEW

What of the Utility Holding Company?

by MERRYLE STANLEY RUKEYSER

THE social usefulness of the holding company is bound to be peremptorily challenged by political critics when the new Congress resumes its efforts to make the public utility industry justify its post-war expansion.

Already a flood of criticism has been let loose. It has been precipitated in the main by William Z. Ripley, the Harvard economic sage. Professor Ripley has attacked holding companies as new devices for gaining control without making substantial investment. Leaping over the bounds of academic restraint, he asserted that "a further serious defect of overdeveloped holding company organization is the temptation afforded to prestidigitation, double shuffling, honeyfugling, hornswoggling, and skullduggery."

Touched Up for the Public

REPLYING to Mr. Ripley, the late Guy Tripp, of the Westinghouse Electric & Manufacturing Company, charged that the Harvard economist had stripped the holding company to the buff, touched up the moles and birthmarks with a little red paint, and had invited the public to the show.

"Why cast this shadow over an instrument that has been so beneficial to the public?" he asked.

"You can say the same thing about any walk in life; you can prestidigitate with a private business; you can doubleshuffle with a partnership; you can hornswoggle

with a national bank; and you can even skulldug with a church.

"If some genius will invent some corporate entity which will effectively protect society from the crook, it will be adopted by almost every corporation in the United States overnight.

" . . . In my opinion, the future course of the holding companies will be in a perfectly natural direction, and that is toward simplification of their corporate and financial structures."

To the fair-minded observer, General Tripp's remarks are likely to have a strong appeal. Unquestionably the holding company principle has been abused in specific instances, but the real issue is whether the legitimate use of the holding company is in the public interest. As a matter of fact, even the articulate Professor Ripley, seeming arch-critic of the public utility holding company, will concede good in the financial mechanism. In referring to banker influence in holding companies, the Harvard economist adds: "Most of this banking service, it goes without saying, is above criticism." And yet one of the tragedies of the age is that the great multitudes of headline skimmers do not tarry to read such qualifying footnotes.

Since the war the holding company, apart from technical and legalistic aspects, has been a device for getting the control of power, light, and gas companies out of the hands of lethargic local capitalists of limited resources and putting them under the

centralized direction of enterprising financiers, where they might have access to the world's capital markets and to the pool of latest scientific and technical skill. In the process, important social changes have been wrought.

In thousands of instances, conservative wealthy families that dominated local utilities have taken their profits, and sold out control to giant holding companies. They in turn raised capital from the masses of general investors, large and small. As a rule, the local owners had neither the capital nor the inclination to embark on a program of liberal spending for future development—a plan which entailed not only venturesomeness, but also patience.

Utilities Revitalized

COMMUNITIES in many cases benefited from a transfer of control of their utilities from the dead hands of heirs of pioneers to the vivacious trusteeship of new leaders of the power industry, who visioned and carried out remarkable developmental programs. Suburbs and outlying districts accordingly got service years sooner than would otherwise have been the case.

Moreover, with the larger resources, the holding company was able to enlist the most expert engineering and management services, and to escape from the restraints and wastefulness of little business, whose methods had lagged behind the striking technological advances of the industry as



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a whole. The well-managed holding companies made the capital outlays and personnel changes which assured better and more comprehensive service to communities. They brought newer merchandising ideas to the hinterland, and played a key rôle in the newer economic expansion of the country. They showed local industries how to expand and modernize their equipment, and they were active in attracting new industries.

The cumulative effects of such venturesomeness were expressed in the general post-war prosperity, and the newer efficiency in American business enterprises.

Utility Rates Are Still Low

OBJECTIVE observers are unlikely to challenge the essential accuracy of this analysis. Even where service charges seem high, the cost of power and light is but an insignificant fraction of aggregate production costs or the cost of living. Even with increased rates, electric or water power is infinitely cheap compared with human exertion. Power, in increased units at the elbow of the American worker, gives the key to the present American economic paradox of rising or stable wages, and falling commodity prices.

As a matter of fact, not even the hostile politicians assert that the holding companies have ruined the country. They cannot ignore the contrary evidence of everyday facts. Radicals as well as conservatives are confronted with the reality of a rising standard of living for Americans. In a recent debate on whether democracy is a failure, Bertrand Russell, British liberal, defending democracy, asserted that average Americans are better off and happier than any other people at any stage of the world's history. A complex of reasons explains the spurt in human welfare, and among the mechanical factors perhaps none is more significant than the great power development.

The next phase of the expansion of the power industry will be in bringing the benefits of electricity to the rural sections of the country—when and if Congress abstains from permanently frightening prospective investors and speculators in the new development.

Critics of the public utility holding companies—and there is a wealth of detail which invites and justifies acid criticism—divide their indictment into two broad parts. In the first place, they argue from the standpoint of customers of the local utility companies; secondly, they consider the point of view of the investor in public utility holding company securities. I am inclined to feel that, where there have been abuses, the investor has suffered more than the consumer.

As for the consumer, the charge is made that the holding company has been an agency making for higher rates. I am inclined to believe that the net effect of the holding company has been in the direction of sustaining or raising rates. Where old-fashioned local capitalists were fearful of political opposition to rate increases, holding companies, less affected by the vagaries of local politics and public opinion, have been more inclined to fight vigorously in the courts and before state regulatory bodies for their pound of flesh.

Expressed in another manner, this simply means that, when allied to a holding company, a local operating company was more likely to get what the courts, the legislatures, and the regulatory commissioners felt they were entitled to, whereas under restricted local ownership there might have been backwardness in demanding full technical justice.

Some holding company operators concede this point, but assert that this element has been more than offset in improved and more extensive service. Furthermore, the ultimate determination of most rates remains with public bodies. If they are intelligent and honest, they can prevent rates which will give utilities more than a fair return on their property value. In each case, the local operating company, if its corporate entity is continued, deals with the regulatory authorities, and its technical status is the same whether it is independent or allied to a holding company. Nominally, the holding company does not figure in rate disputes, and cannot directly alter the issue between an operating company and public officials.

As for the allegation that holding companies have been a factor in keeping power and light rates from falling within the last seven years commensurately with commodity prices, the Rate Research Committee of the National Electric Light Association, in its last annual report, said:

Electric Rates Are Stable

THE erroneous picture, which took 1920 for the base of purchasing power, takes commodity prices and cost of living at their very peaks, and thus shows radical reductions in general prices of as great as 40 per cent in a single year. On such a misleading comparison it is asked why domestic electric rates have not also decreased 40 per cent since 1920. The simple and obvious answer, in looking at the entire picture of prices, is that domestic electric rates did not increase during the period that commodity prices were sky-rocketing, and therefore the comparison of the reverse swing of decrease in commodity prices could not fairly be applied to electric rates. Further, it is to be noted herein that the average domestic rate did decrease from 8 cents per kilowatt-hour in 1920 to 7.4 cents in 1926, or a reduction of 7½ per cent.

If anyone has had any real doubt as to the ability of the electric light and power industry to maintain a progressive position as to its charges to the public in line with the principle that the interests of the industry are closely identified with those of the public whom it serves, it will quickly be dispelled under the facts set forth herein. Electricity prices continue to be the lowest of any of the commodities or services used in the household. Domestic electricity has decreased 15 per cent since 1913 in its almost continuous trend downward since 1882. The average domestic revenue per kilowatt-hour in 1926 was 7.4 cents, which, at the purchasing power of the 1913 cost-of-living dollar, would be equivalent to 4.2 cents. The average revenue per unit of output for the entire industry in 1926 was 2.3 cents per kilowatt-hour, or exactly the same as it was in 1913. Despite increases in the charges to the

power consumers during the war and post-war period, output reached a peak in 1921 of but 6 per cent above the 1913 rate, and recovered to the 1913 base by 1926.

"It is striking to compare this increase of 6 per cent for electric energy with wholesale commodity prices which in 1921 reached a peak of 126 per cent higher than in 1913, and are still 50 per cent above 1913; and with the cost-of-living which in 1921 had climbed rapidly to a peak of 116½ per cent above 1913 and for the last four years has remained fairly constant around 70 to 75 per cent above 1913.

"The dollar now is worth, on the basis of living costs, just about 60 cents as compared with the 1913 or pre-war dollar, according to the National Industrial Conference Board. Having fluctuated less than 5 cents either way from this value since 1921 it may be considered as having become stabilized at this level, as contrasted with the severe fluctuations of the first few years after the war."

The holding company through its far-flung investments can afford to be patient while nursing prospects in newer sections. One holding company, for example, takes some of its profits from an established plant in Manila to pay for developmental work in sparsely settled districts of Tennessee, which may not produce profitable business for a number of years.

The Electric Bond & Share Corporation, until recently a subsidiary of the General Electric Company, financed new subsidiaries in undeveloped regions as a regular policy, with no hope of quick returns. The corporation sacrificed current profits for deferred gains. In recent years the power and light industry has at length come of age, and the far-sighted holding companies have benefited from their foresight and patience.

After an Electric Bond & Share subsidiary reached a stage where it was able to report satisfactory net earnings—and sometimes this came years after the initial investments—the holding company would reduce its cash investment by arranging for the sale of bonds of the subsidiary. The Electric Bond & Share would retain the junior securities, however. It and its group of affiliated holding companies hold primarily the stocks of subsidiary operating companies, which have sold bonds, and in some cases a portion of the preferred stock, to outside investors.

Large Issues Float Better

THE Associated Gas & Electric Company, of which Harris, Forbes & Company are the bankers, however, has introduced a diametrically opposite system of financing under present conditions. Instead of permitting established subsidiaries to sell all their senior securities directly to the public through bankers, the Associated raises capital for its associated companies by selling its own huge debenture bond issues to the public.

The reason for this newer method apparently is tied up with Wall Street technique. It is more profitable for investment bankers to float a large issue than a small issue, and easier to keep up an active market in a huge flotation. Moreover, the management of companies, following this system, believes it will result in savings to the borrower,



The Coach Ideal for Owner—Rider—Driver

THIS great era of motor travel has developed a vigorous need for a coach of medium capacity, of tested performance, providing the maximum in comfort, safety and attractiveness, moderate in price, and serviced "around the corner."

International Harvester provides such a coach in the versatile and popular Model 15. This 6-cylinder International finds and keeps a host of friends wherever its route runs.

It answers many calls, establishing profitable routes of shuttle-like frequency, serving railway stations and hotels, serving as feeder to car lines, as peak-load auxiliary to organized routes

serving the suburb, country club, and subdivision, taking the rising generation to the schools—or what have you? It is a money-maker and community builder in one.

The International Model 15 was especially designed and is now fully perfected for this inevitable market. It fits the natural coach needs of every community. It is bound to appeal to any man interested in passenger transportation.

Furnished in three styles, the street-car type (shown above), the Club Coach, and the Sedan Coach. Equipped to carry 15 to 17 passengers—the ideal capacity. Write for the Model 15 Coach Catalog.

As for Service

To attend your coaches, there are 154 Harvester-owned branches all over the United States and Canada. In addition, International Trucks and Coaches have adequate representation in foreign countries throughout the world.



Clear vision at every angle; attractive appointments; every provision for good lighting, heating, and ventilating, and for safety. Quality conveyances for minimum investment, comfort to the point of luxury, rigid schedules maintained year in, year out—these are objectives attained in International Coach design.



International Model 15 is built on proved coach-engineering principles of design, throughout. The 6-cylinder engine has a large reserve of speed and power. Any chassis-unit or part of any unit may be removed without disturbing any other unit, and with minimum effort.



The International line also includes Speed Trucks and Heavy Duty Trucks, and McCormick-Deering Industrial Tractors

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SIX CYLINDER **HARVESTER**
COACHES COMPANY SIX CYLINDER

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which can be passed along by the holding company to its subsidiaries.

The relation of a holding company to the investor is more complicated than its relation to the consumer. Frequently the holding company sets up a superstructure which makes it difficult for the outside investor to analyze his participation. Against the disadvantages, there are some offsets. A holding company, with widely scattered operating property, offers a better geographical and industrial diversification than an independent operating company that risks all on the prosperity of a single locality, which in turn sometimes depends on a single industry. Moreover, good holding companies give more expert and more economical management. In many instances they have been instrumental in showing local subsidiaries how to save a larger portion of gross profits for net.

Economies in Purchasing

FURTHERMORE, holding companies make possible large-scale purchases of supplies, with obvious economies. They also frequently bring economies in financing, especially where the credit of well-managed holding companies is better established than that of relatively obscure subsidiary operating units. Holding companies and interconnection of units of independent companies have reduced the need of investment in surplus power producing capacity, and have contributed to economy of production through large units.

Numerous utility groupings, of course, have been conceived especially in the interests of the promoter. The holding company can be employed as a device for margin speculation in operating properties. By a series of superstructures, the organizers can direct the policies of huge aggregates of properties, with a relatively slender cash investment.

Control, without corresponding risk, is likely to tempt overventuresomeness, if not outright recklessness. The holding company can acquire control of the operating company by acquiring 51 per cent of its stock—sometimes considerably less than a numerical majority is enough—and the promoters can in turn control the holding company by a bare majority, or less, of the voting stock of the holding company. Where A and B stocks coexist, promoters sometimes induce the public to put up the cash in exchange for nonvoting stocks, whereas they retain control with little or no actual cash investment.

Sometimes, the junior securities of the holding companies represent little more than water—capitalized hopes of future increased earning power of subsidiary operating companies. In the last seven years, the country has witnessed a golden age of the power and light industry, and in most instances such hopes have been realized. The utilities have been selling their services at relatively stable rates and have been buying supplies in a falling market. A rising tide of earnings has validated the optimism of organizers of holding companies. Therefore, it should be observed that for the most part the evils to investors were potential, rather than actual.

On the other hand, if the country should enter a long-term period of gradually declin-

ing costs, the reproduction costs of operating companies might decline to a level that would wipe out the equities of the common stocks of thinly financed holding companies. Economists, however, by no means agree that we are facing such a price trend.

The partial divorce between ownership and control tended to stimulate an overcompetition among holding companies for operating units which still remained independent. The older and more conservative holding company officials have looked askance at the temerity with which newcomers bid for properties. One prudent and experienced operator thinks that well-developed utility operating companies may be conservatively bought at 5 to 6 times gross earnings. Some companies in the recent scramble, however, have been acquired at 7 times gross.

In some instances, holding companies bought large subsidiaries at seemingly inflated prices for collateral advantages in the association.

One rapidly growing holding company, whose shares are listed on the New York Stock Exchange, for example, gets far more income in the form of fees from subsidiaries than in dividends. Under prudent management, such fees, which are passed upon by regulatory commissions, might well be justified, but where fees so overbalance profits in the form of dividends the investor should inquire into the specific facts determining whether the holding company acquired subsidiaries to milk them. One holding company reported as income more than \$1,600,000 in fees from subsidiaries, and less than \$600,000 in interest and dividends on securities of subsidiaries.

A Company as Investor

A DIAMETRICALLY opposite policy is followed by the North American Company, which as a holding company benefits virtually only through the receipt of dividend payments from subsidiaries. Inasmuch as it is not a collector of fees, its attitude toward subsidiaries is much the same as that of the individual investor. However, in the past it has shown newly acquired subsidiaries how to operate more economically. The North American is a coagulation of virtually independent operating companies, which exchange information and ideas, but which have a high degree of self-government. That system has been successful in the large cities, in which the company operates.

On the other hand, holding companies, with subsidiaries in far smaller communities, such as the American Gas & Electric Company, and the Electric Bond & Share, have centralized engineering and management departments, to whom the subsidiaries refer their major operating and financial problems. Both types of holding company have been successful.

In the scramble of holding companies for control of operating companies, forty-six Massachusetts operating companies, fearing absentee and foreign ownership, recently banded together into their own holding company—called the Massachusetts Utilities Investment Trust—for defensive purposes. The Massachusetts trust has been employed to keep voting shares of such operating companies off the market

away from the greedy hands of vast outside holding companies. If the holding company concept is to be universally damned, the defensive move must be included in the indictment.

In the popular and political mind, the holding company is associated with the idea of superpower. Interconnected power, however, does not necessarily depend on financial relationship. Frequently holding companies, with subsidiaries scattered throughout the world, cannot interconnect them through high power transmission lines, but connect their subsidiaries with contiguous properties, which may be either independent or under different holding company control. Where financial control and interconnection go hand in hand, the makeup of the operating properties of the holding company is likely to be more symmetrical. Yet contiguity frequently has disadvantages, too.

Diversification Is Insurance

IN HIS book "Main Street and Wall Street," which is likely to be lifted from the book shelf by Congressional critics of the holding company, Professor Ripley observes: "A great deal has been said about diversification as a means of insurance against disaster; and it surely is of advantage that through holding company organization an investment in urban properties should be set over against others in rural communities; that an investment on the fruit-raising Pacific slope should be tied in, perhaps, with others in the corn belt, the wheat regions, or the cotton-growing South. Droughts and shortages in one region may find compensation through bumper crops or notable industrial activity in others.

"But this advantage of diversification may be easily overestimated. Not merely widespread geographic dispersion affords a safeguard. To have properties in one part of the wheat belt or the cotton region tied in with others, several states removed in distance, but still dependent on the self-same price of cotton or the world's market for wheat, affords no true insurance through diversity of investment—spreading the risk. Here again, as between system, one detects wise and discriminating policy on the one hand; or, on the other, an apparently ill-considered purchase and incorporation of anything in sight which could be had for a price."

The lamb in public utility holding company securities may be readily sheared, and yet thus far the average long-term investor has succeeded admirably. Frequently the income accounts and balance sheets do not mean what they seem to. In cases of different companies, similar figures have a widely differing significance.

Some companies are conservative in deductions from income for depreciation, obsolescence, depletion and similar items. If they exaggerate these items, they may be said to have hidden earning power and assets—which perhaps may be related to a desire to seem poorer when rate considerations are at issue. Other companies skimp on these items, and report a larger alleged net income than good accountancy would warrant. Such methods are employed to tend to justify excessive stock capitaliza-



Main Building, Steel Heddle Mfg. Co., Philadelphia, Pa.
Cooper Hewitt illumination in all manufacturing departments.

241 © C. H. E. CO. 1927

LOOM EQUIPMENT for textile mills must operate smoothly. Quality of finished goods depends on it. This is especially true for the loom harness, where hundreds of heddles carry the thread in highly-polished eyes. Any roughness that mars or breaks the thread means waste and delay.

Since 1920, the Steel Heddle Mfg. Co. have been using Cooper Hewitt Work-Light because of its unique quality of furnishing a high intensity of light without glare and without dark shadows. The skilled hand and the trained eye are helped, not handicapped, by this specialized light — a fact of far-reaching importance to the manufacturer of precision machinery.

Robert J. Freitag, Treasurer of the company, writes that Cooper Hewitt Work-Light was decided on after considerable experimenting and study by lighting experts.

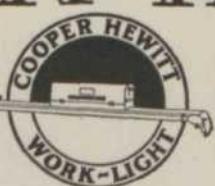
"The light is most effective and very much liked by all employees (both male and female).

"There is no glare interfering with the eyesight."

The place of Cooper Hewitt Work-Light in industry is today unchallenged. Its increased use, especially during the past four years, indicates how perfectly it is adapted to modern industrial requirements. Cooper Hewitt Electric Co., Hoboken, N. J.

COOPER HEWITT

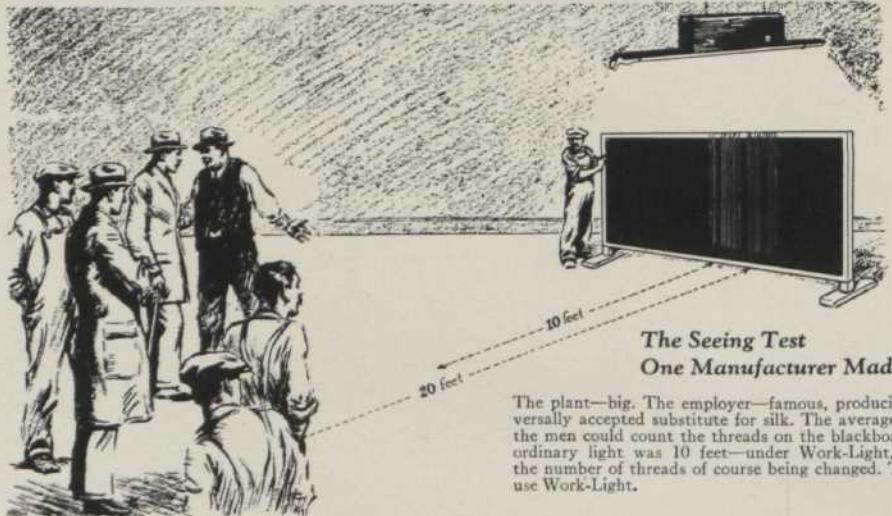
BETTER THAN



DAYLIGHT

Give your workmen this glareless, shadowless, light—and they will give you top speed without fatigue

The useful yellow-green rays predominate in Work-Light. The tube assures ideal diffusion. Low candle-power per square inch does away with glare. Eye-strain is almost impossible.



The plant—big. The employer—famous, producing a universally accepted substitute for silk. The average distance the men could count the threads on the blackboard under ordinary light was 10 feet—under Work-Light, 20 feet, the number of threads of course being changed. They now use Work-Light.

COOPER HEWITT Work-Light has substantiated its ability to improve output by years of intensive use in nearly every industrial field. The growth of Cooper Hewitt has paralleled the adoption of mass production methods.

Only a few minutes thought is needed to make clear the simple, natural reasons why this one light is capable of performance entirely beyond the range of any other light. Excepting only Work-Light, all kinds of illumination, including daylight, possess certain characteristic drawbacks. Only Cooper Hewitt Work-Light differs suffi-

ciently in its make-up to dispose of:

1. Glare—by creating none at its source.
2. Heavy shadows—by using a source long enough to assure ideal diffusion.
3. Brain fag, eye-strain, etc.—because the light is cool, intensity unvarying, glare and deep shadows absent.

Light rays are really light waves, traveling through space like radio waves. It is therefore easy to under-

stand how the eye receives certain wave lengths better than others, just as a radio does. In lighting, different wave lengths mean different colors. Yellow and green, which comprise 90% of Work-Light, are the most useful colors for seeing because they travel on the wave lengths most easily received by the eye.

Naturally, eight hours under Work-Light make a big difference in the eye's ability—and willingness—to work. To learn what this would mean to your plant, multiply this advantage by the number of men you employ

or

Send for trial demonstration—a convenience we will gladly accord, without obligation. Cooper Hewitt Electric Company, 123 River Street, Hoboken, N. J.



Glare does not bother these Follansbee workmen

—Work-Light enables them to inspect a glassy steel surface without the slightest sign of strain. Photo courtesy Follansbee Brothers Company, Toronto, Ohio.

COOPER HEWITT

BETTER THAN DAYLIGHT



tion, especially by holding companies. Such institutions keep going by perpetually raising new capital from the public, instead of making deductions from earnings.

Critics of the holding company also question whether in rural communities and smaller towns the admitted economies of large scale generation of power are not offset by the economies of having small distributing plants adjacent to consuming units.

Confusion and complexity of accounts are perhaps the chief reasons for criticism of holding companies, which are already coming to recognize the desirability of greater simplicity of capital structure and fuller disclosures as to accounting methods and information. In this connection, the Public Service Securities Committee of the Investment Bankers Association of America, at its recent convention at Seattle, recommended that all members use such influence as they could exert in the interest of conservative finance.

Self-Regulation Is Better

"REGULATION of practices of any industry," the committee pointed out, "which proceeds from thoroughly informed sources either within or associated with the industry itself is to be preferred over one imposed by governmental authority which experience has shown to be uneconomical in many respects. However, unless such inner regulation of practice prevents flagrant abuses, there is always the danger of agitation for government supervision. While any such agitation might result from and be directed at the abuses in particular cases, it could hardly help affecting in a measure, at least, the soundly conceived enterprises in the industry, and the thousands of investors, many of them people of small means, who have invested in their securities.

"It is, therefore, to the interest not only of the leaders in the public utility industry itself, but also to the bankers who sell their securities to direct all possible influence for removing or preventing any just cause for criticism.

"The utility industry generally recognized as a sound field for investment has offered opportunities to the investment banker in the underwriting and distribution of securities. So constructive has been the association of the investment banker in the development of the utility industry from its early stages, that he must continue to share the responsibilities with the opportunities. His cooperation should be extended, not only in the rôle of aiding the industry against unwarranted attacks from without, but also to the prevention of any abuses of exploitation from within."

Political critics of the public utility holding company differ in their aims. Some aspire to federal regulation, whereas others hope for government ownership. Utility operators assert that state regulation is adequate, especially since only 5 per cent of the power consumed represents interstate business. As for the fact that the operations of holding companies are interstate in character, spokesmen for the industry reply that abuses can be corrected at the source by effective supervision of operating companies by state commissions.



Architect
WELLES BOSWORTH

THE NEW HOME of the Exchange National Bank of Tampa, Florida, is a building of blue Indiana Limestone with interior in Botticino and Tennessee Marble, splendidly designed for the needs of a commercial bank in a rapidly growing city.

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BOSTON, 49 Federal Street
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SAN FRANCISCO, Holbrook Bldg.
PHILADELPHIA, Real Estate Trust Bldg.

Business Finds a Common Denominator

by CHESTER LEASURE

THIS is not an "official proceedings" nor is it a chronological recital of events. It is rather an impression of the high lights of a four-days' conference of men widely representative, both geographically and in their individual pursuits, of the business of the country and objectives developed and the aspirations voiced. It is brief—too brief entirely to do justice to the subject matter—for each of the sessions, indeed each of the thirty committee conferences, is worthy of as extensive treatment as is here allotted the entire conference.—THE EDITOR.

* * * * *

CAN AMERICAN business get together and speak a common language? Has it common interests, bridging far geographic reaches, leveling myth-made barriers of sectional distrust?

Can it mobilize its forces in common purposes?

The Four Hundred

IN A hotel lobby at West Baden Springs, Indiana, in the latter days of October, I saw William Pfaff, New Orleans printer; James R. MacColl, New England manufacturer; F. J. Hagenbarth, Idaho wool grower; and Robert B. Campbell, Kansas public utility executive. Neither coincidence nor golf brought them together. They were four of four hundred—directors and committeemen of the Chamber of Commerce of the United States and National Councilors, the liaison between the national organization and its member organizations. They were convened in a four-day conference, canvassing the current program of activities of this national federation of business and setting it forward toward accomplishment.

Each of these four hundred had his individual, group and geographic interests, to be sure. But each had as well a lively interest in those of the other three hundred ninety-nine. Thereby hangs the tale of the National Chamber's fifteen years' service to American business.

Interest and discussion in board room, in committee conference, in general convention and in informal lobby talk centered on many things. It ran a wide range of current business interest and activity:

Of, among other things, the high cost of too much business—business beyond the frontiers of profit; of "red ink expansion"; of present facts in distribution.

Of modern trends in manufacture to meet the new competition.

Of great surpluses in the national treasury, the fruit of revenue measures that take from the productive enterprises of the American people a toll greater than that needed to pay the costs of the national government; of the justice of asking Congress for more tax reduction.

Of the plucky efforts of agriculture to recover from the effects of post war depression; of the need for intelligent team-

work between farmer and business man in common interest.

Of the relation of the business man to his Government; of the need for greater acceptance among business men of the duties of citizenship as well as an enjoyment of its privileges.

Of the immediate urgency as a national task of measures for the protection of the



LEWIS E. PIERSON

President, U. S. Chamber of Commerce

"It is important to preserve American Business, but it is far more important to preserve the American Government"

Mississippi valley from future flood devastation.

Of the need for revision of rates charged for postal service.

Of the fact that business must regulate its trade practices and look to its interrelations and its public relations if it would avoid regulation by government.

Of the federal reserve banking system and its destructive and constructive critics.

Of the need for economy, not alone in national, but in state and local government.

Of the part American business should take in measures to restore the economic stability of foreign nations in the interests of international harmony and good feeling quite as much as in the interest of American trade abroad.

Yet it was not a confusion of tongues. Through it all ran a common denominator of interest enlisting the attention of the Keokuk canner, the Milwaukee tanner, the Seattle lumberman, the southwestern rancher and the metropolitan banker. And that common interest was, and is, the conviction, supported by fact and experience, that in this day of complex and intimate interrelation and interdependence, he is lost who would go it alone.

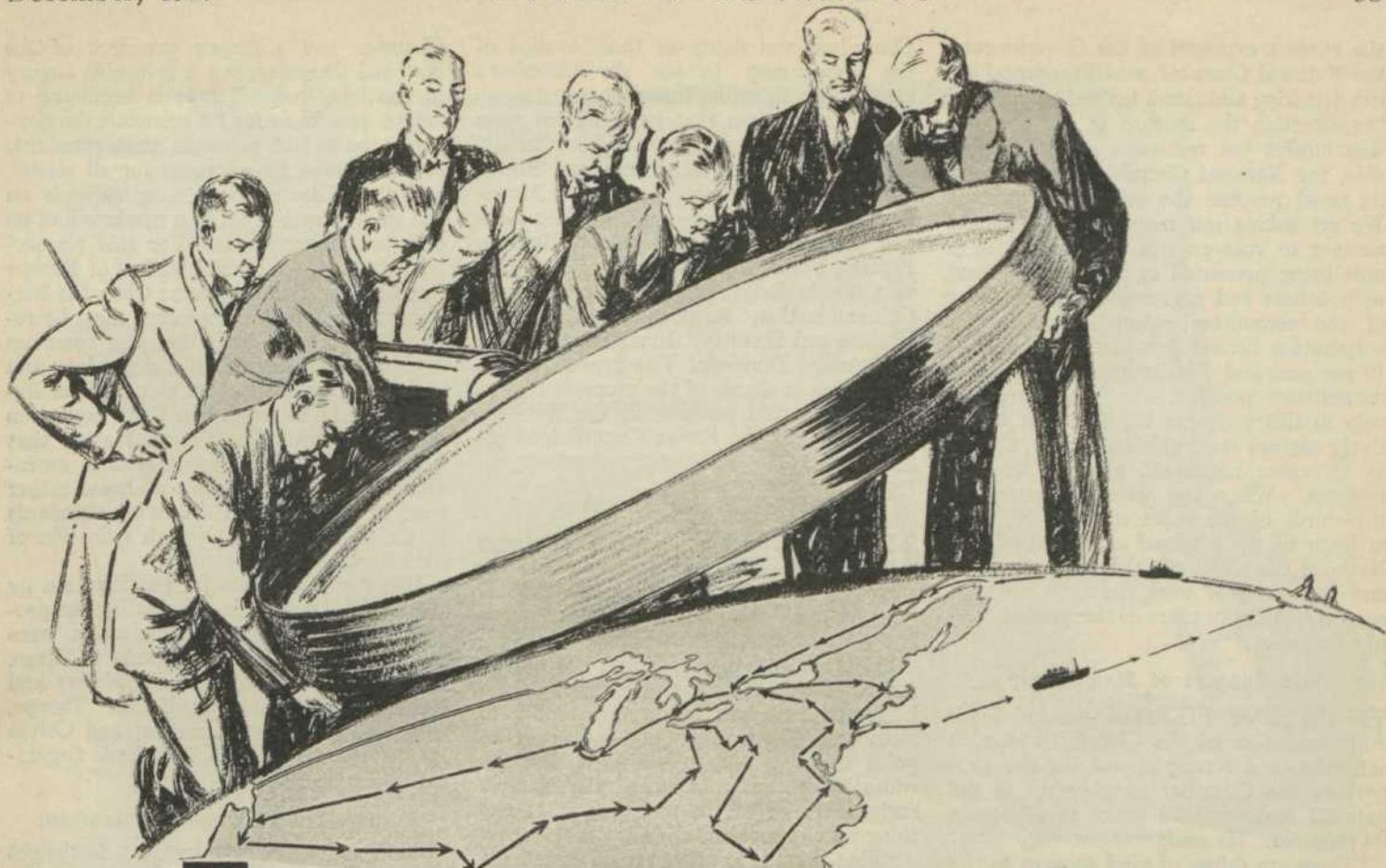
When the president of the National Chamber, Lewis E. Pierson, outlined to the National Councilors the Chamber's program of current activities, he was not pronouncing an edict of the national organization for the direction of the activities of its membership; he was rendering an accounting. He was informing the National Councilors, each the representative of an organization member of the National Chamber, what the National Chamber's officers and directors and committees had done toward accomplishing the definite duties laid upon them by the member organizations through their votes in Chamber referenda or by vote of their delegate representatives in annual meetings of the National Chamber.

Legislation and Self-Government

IT WAS, and is, a two-phased program. In the first category are activities involving national legislation. In the second are activities toward self-regulation and self-government of business and in support of policies to foster the welfare of the national business community—measures and policies framed in harmony with the Chamber's conviction that whatsoever is not good for the country is decidedly bad for business.

In the legislative program federal tax reduction; Mississippi flood control; revision of postal rates; measures to get the Government out of the marine shipping business and to get the American flag merchant marine entirely into private ownership and operation; voluntary consolidation of railroads according to plans approved by the Interstate Commerce Commission, as in the interest of public service; continued activity in support of measures for the reorganization and simplification of government establishments in the interests of economy and efficient service; the disposal of alien property segregated in war time from the nationals of those powers with whom we were at war; parcel-post harmony with Cuba; ratification of the Turkish treaty and uniformity in ocean bills of lading were stressed as immediate objectives of Chamber activity.

Instructed by resolution, adopted at its annual meeting, last May, that "surpluses so large as those realized by the Federal Government in recent years, necessarily mean that there is being taken from the taxpayer more than is necessary to meet



Eight men travelled 16,000 miles

They were British business men—sent by the Ministry of Labour to learn why the United States is showing her commercial tail lights to the rest of the world.

They visited 52 cities. They studied 36 industries. And in their report they expressed amazement at the cooperative spirit of American business.

The principle of exchanging ideas, experiences and vital information between competitors has been largely adopted, they said. Data and statistics are pooled through the medium of trade associations for the common good. Local Chambers of Commerce play a real and active part in community business life . . .

Thus they reported to Parliament and to Britain's business leaders. Thus they confirmed identical findings of previous visiting commissions. Thus they described that spirit in American business which caused a great Italian industrialist to exclaim, "If we in Europe

could only learn to pull together as you do!" Eight men travel 16,000 miles . . . and learn, not some subtle secret, but what is common knowledge to all far-seeing business men; what Nation's Business is pointing out in its many and varied phases to its 260,000 readers!

Business is growing in its intricacies. A new competition has arisen—a competition which is pitting whole industries against each other. Strange and perplexing problems are developing with ominous regularity and being solved not by individuals, but by team work—a movement in American business which benefits by the counsel and support of America's keenest business leaders.

Nation's Business is the mouthpiece through which these business leaders speak. It is published by the largest business organization in the world. Read it monthly and you keep abreast of modern business thinking!

NATION'S BUSINESS

Merle Thorpe, Editor

the current expenses of the Government," the National Chamber, said President Pierson, is asking additional tax reduction. And "to ascertain the amount of the corporation income tax reduction that is reasonable, the National Chamber has employed its usual process, the referendum system. We are asking our members in the usual manner to vote on this question which is now being presented to them in a report with ballots and arguments both in favor of the committee report, advocating a corporation income tax of not more than 10 per cent and the arguments against the committee's position. In this way, and only in this way, can business men collectively register their opinion on this, as well as on other important national business subjects. When the vote is counted, if two-thirds of the votes cast are recorded in favor of the proposal as submitted, the National Chamber will then be committed and instructed to work for a 10 per cent corporation tax in place of the present 13½ per cent levy."

Asks Support of Membership

PRESIDENT PIERSON concluded his presentation of the Chamber's current activities in a strong appeal for the support of the Chamber membership in the national organization's effort to effectuate its program. He said:

"These are things of vital concern to the country and to the business of the country. In its efforts toward these objectives your National Chamber—acting under the mandate of its members—is entitled to their unstinted support."

Preliminary steps were taken toward a definite Chamber commitment in relation to Mississippi flood control. In September the members of the Chamber's flood control committee and President Pierson toured the devastated areas to see and to learn. They went with open minds and with no preconceived schemes or measures to foster. This committee held its final sessions at West Baden and submitted its recommendations. These findings and recommendations are:

That the Federal Government should hereafter pay the entire cost of constructing and maintaining works necessary to control floods of the lower Mississippi River.

That the Federal Government should assume the sole responsibility for locating, constructing and maintaining such works.

That there should be an adequate appropriation to insure efficient continuous and economic work, funds to be made available as needed.

That flood control of the Mississippi River is a work of such magnitude and urgency that it should be dealt with in legislation and administration upon its own merits, separate and distinct from any other undertaking.

This report was presented to the National Councilors for their information and after its presentation the board of directors ordered it submitted to the membership of the Chamber in referendum.

The conference was notable, moreover, in that more of the National Chamber's committees were in session during the four days than at any other single occasion in the Chamber's history. These sessions, dealing intimately with Chamber objectives and policies, were open to the National

Councilors and many of them availed of the opportunity to see the Chamber's mechanisms in actual function.

The committees that held sessions were those on Agriculture, Domestic Distribution, Foreign Commerce, Highways and Motor Transport, Immigration, Insurance, Manufactures, Natural Resources, Boulder Canyon project, Civic Development, Business Figures, Forest Fire Insurance, Postal Service, Trade Relations, Transportation and Communication, Aeronautics, Education, Finance and Forestry. In addition to these sessions the Divisional Vice-Presidents, the committee in charge of the program for the sixteenth annual meeting of the National Chamber, and the Senior Council held official sessions.

Judge Parker Speaks

IN FRANK and candid fashion, Judge Edwin B. Parker, chairman of the Board of Directors of the National Chamber, set forth the possibilities of self-regulation by business.

"It is at once the task and the opportunity of this Chamber," he said, "as the leader of American business, not only to meet and adopt resolutions—not only to point the way but to see to it, through education, encouragement and the example and assistance of its members, that the thing which should be done is done!"

"That thing is to prevail upon each trade to appoint a Joint Trade Relations Committee to function as the representative of that trade in diligently seeking out, clearly defining, and in good faith providing for the elimination of unfair and wasteful practices and abuses which exist in that particular trade. No other agency, however well informed or well intentioned, can perform this service. It is not the function of this Chamber to undertake such a service, but simply to lend a helping hand to each trade in acting for itself in cooperation with the Federal Trade Commission. If the members of a trade fail to discharge the duties which they owe to themselves and to their industry, they can scarcely be heard to complain should government agencies step in and provide the necessary regulation in the public interest.

Important Plan of Councilors

THE Chamber's part in carrying this program into effect is entrusted to its Trade Relations Committee.

"This committee particularly needs—and I feel sure will have—the whole-hearted cooperation and support of each of our National Councilors, who, dating from this West Baden conference, are destined to exert—as they should exert—a greater influence than ever before in shaping and carrying into effect the policies of this Chamber. The National Councilor should—and I am persuaded that henceforth he will—be the direct representative of this Chamber in interpreting its policies to the organization naming him and to its members; and at the same time the direct representative of that organization interpreting its needs and view to this Chamber."

In a discussion of the business man's contribution to world stability through the agencies of the National and International Chambers of Commerce, Julius H. Barnes, American vice-president of the International

Chamber and a former president of the National Chamber, saw a favorable augury in the fact that "Europe is beginning to accept as a basis for its economic development the sound principle that standards of living must be advanced for all classes, and that Europe's well-being depends on the enlargement of its own markets and its own consuming power. For this reason," he continued, "industrial leaders of Europe feel that the time has come when the barriers of trade on the continent must be reduced, that tariff walls, between countries mutually and economically dependent and with comparatively equal standards of living, must be lowered. In their expression of this program lies the realization that Europe's economic progress rests in an increased demand for goods at home rather than in an attack on the living standards of the United States through reduction of American tariffs."

Wider opportunities for participation by National Councilors in effectuating the program of the national organization were forcefully presented by Frank C. Page, manager of the Chamber's Legislative and Referenda Department; Merle Thorpe, editor of NATION'S BUSINESS; and Colvin Brown, manager of the Chamber's Organization Service.

Responsibility Toward Government

THE conference closed with a forthright statement by President Pierson of the business man's responsibility to his government—an appropriate theme for the leader of a national federation whose purpose it is to give point and emphasis to the opinions and convictions of the nation's business.

"Our business operations," he said, "have grown in size and complexity. It was thus inevitable that business should turn to government for assistance in those things which business could not well do for itself. World trade involves international relations, and international relations are the business of government. Trade that involves the buying power and buying habits of a nation demands the collection of accurate statistics for the guidance of those who make trade decisions, and the census is the business of government."

"Government, therefore, is well within its province when it cooperates with business in the field for which government was designed. Yet in the very pursuit of these legitimate purposes, business on the one hand and government on the other have unconsciously drifted toward a relationship which is quite apart from the original conception of those who framed our government."

"I say to you that the greatest responsibility of American business to our Government is the duty of recalling government to those great and dignified purposes for which government was created."

"It is important to preserve American business, but it is far more important to preserve American government!"

Business sordid and selfish, seeing nothing beyond the circumference of the dollar? Let him who thinks so read again that declaration of this chieftain of American Business—"It is important to preserve American business, but it is far more important to preserve the American Government!"



On the coal room of the Huron Portland Cement Company, ARMCO Ingot Iron is still good after twelve years. Seven years was the life of steel on this building.

Rust-Fire* *the loss that might have been profits*

Every business man knows how RUST destroys costly buildings and equipment. More and more are guarding against this loss by using "Armco" ingot iron.

IN EVERY industry, plants and equipment are insured against flames. But no insurance policy covers the unseen fire—rust.

The damage rust does is a total loss. A loss that runs into millions. It appears on business ledgers as "depreciation" and "overhead" . . . when it might have been entered in the profit columns.

For there is an easy way to avoid this loss. More and more executives are doing it—and freeing themselves from upkeep worry—by specifying "Armco" ingot iron for every sheet metal job in the plant. "Armco" ingot iron gives unequalled long-life service, even under the most trying conditions, because it is

practically free from the impurities that hasten rust in steel and other irons.

When you build or repair, you will save money by insisting on "Armco" ingot iron on the roofs and sides of factory buildings, in tanks, smokestacks, heating systems . . . or wherever you would fight rust.

An additional economy is the saving that "Armco" ingot iron makes in men's time. (Important when you remember that sixty cents of every dollar on a sheet metal job is spent for labor.) No other sheet metal is so ductile and easy to work.

Look for the Armco Triangle on every sheet. It identifies the purest iron made.



ARMCO
INGOT IRON
RESISTS RUST

And in the HOME . . .

Home owners and builders, too, are saving the cost and annoyance of frequent repairs. They are insisting on galvanized "Armco" ingot iron for gutters, downspouts, flashings, metal lath . . . and other metal parts about a house. Here, "Armco" ingot iron offers a double protection against rust. For it takes and holds a coat of zinc much purer than the galvanizing on steel. Look for the sheet metal shop in your neighborhood that displays the "Armco" Ingot Iron Sign.

AMERICAN ROLLING MILL COMPANY
Executive Offices: MIDDLETOWN, OHIO

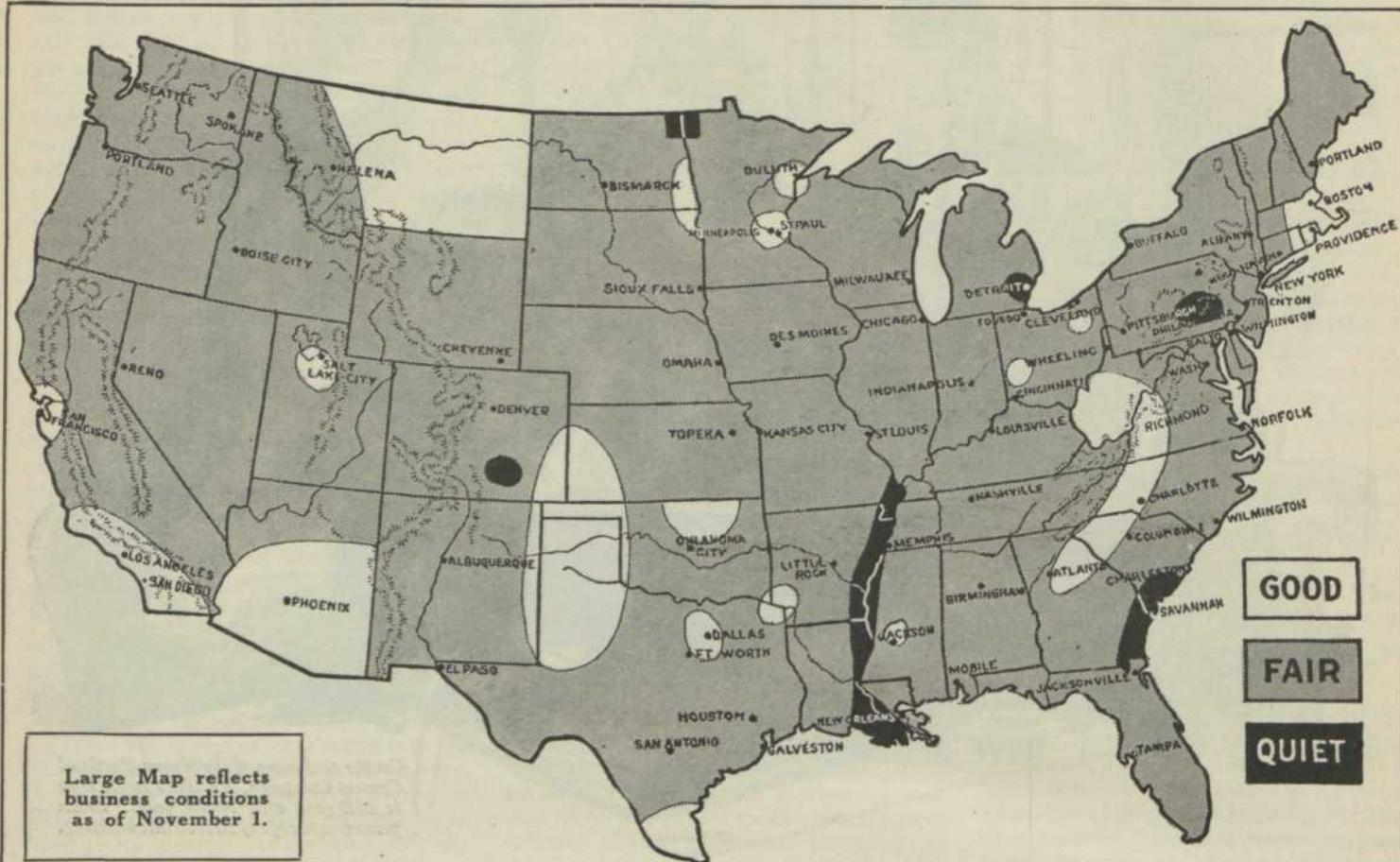
Export—The Armco International Corp.
Cable Address: "Armco—Middletown"



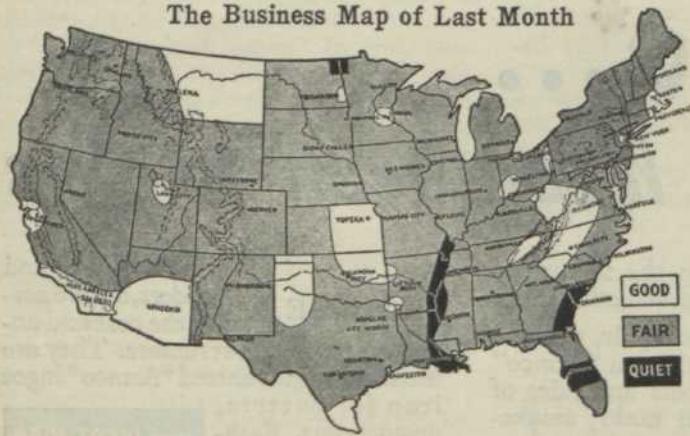
Quality Work with Quality Iron

***RUST-FIRE!** The only difference between rusting and burning is time—both are oxidation. You can feel and see the fire produced by rapid burning. But when metal rusts, the process is too slow to see. Rust is the "ash" of this fire.

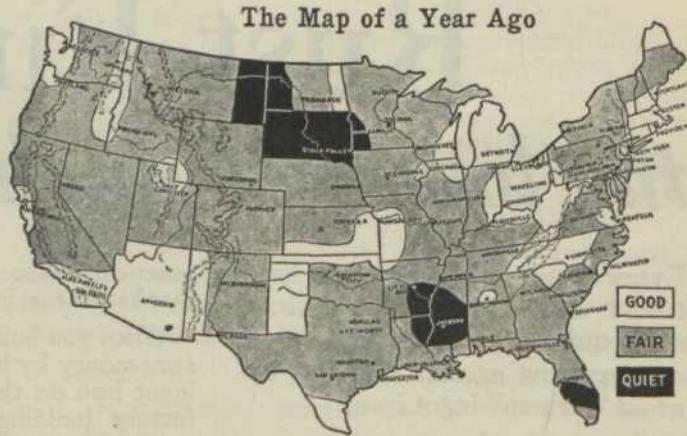
The Map of the Nation's Business



The Business Map of Last Month



The Map of a Year Ago



AS THE year draws to a close, it becomes more certain that business in 1927 will not equal that of 1926, either in volume or in percentage of profit. October has contributed to this impression with reports of lagging trade and industry.

In distributive trade, the falling off has been charged to continued warm weather through October. Yet this same warm, dry weather has had a very beneficial effect upon crop yields. The disappointment visible in several "heavy" industries is the result of a too optimistic keying up of early anticipations, or a lack of realization that business through the summer was not all that was hoped for, or even claimed. A failure to judge correctly the underlying reasons for the active speculation, especially in stocks, is partly responsible.

The really encouraging feature of the

by FRANK GREENE
Managing Editor, Bradstreet's

early autumn's events was the marvelous rally of the corn crop from its poor condition in midsummer. Corn being the major animal food of the country, the importance of a good crop cannot be overemphasized. Other food crops, such as potatoes, have also done better than was expected. The cotton crop, it is comforting to know, is not likely to prove inadequate.

While prices paid the producers have been affected by the better outlook, the strength of live animal prices has been helpful. The advance to date of the index of farm products has been such as to restore at least a part of the ground lost in 1926. Then cotton and wheat re-

ceded, and corn showed only a fair yield.

The agricultural interest, taken as a whole, occupies a relatively better position than ordinary trade or industry. Reports emerging from the agricultural areas are relatively better than those from the industrial areas or the larger markets. Perhaps it is just as well that this is so, because of the apparent disposition of late years to relegate agricultural buying to a comparatively insignificant place in the scheme of things.

Another encouraging agricultural feature in November was the slight movement noted in the export outlook for American wheat. With a crop at home slightly larger than that of a year ago, and with a big Canadian yield pressing into the world's markets, American wheat had tended to droop to the lowest point of the year. Now

SO FEW MEN CAN DECIDE!

Can you?

THIS happened only a few weeks ago.

A man who had been promoted to a new position, with much larger income, sat talking with a friend. "It's funny what little things influence our lives," he remarked. "Three years ago I was reading a magazine and clipped a coupon from an advertisement—something I almost never do. The coupon put me in touch with the Alexander Hamilton Institute, which laid out a definite course in business reading for me.

"The first time the president of our company ever indicated that he was conscious of my existence was about a month later when I ran across something in my reading that happened to be of very immediate interest to him. From that moment he began to look on me as something more than just a name on the payroll. You know what's happened since."

The other man sat quiet a moment. Then he rose and, walking over to the table, pulled out the drawer and produced a wrinkled bit of paper.

"I clipped one of those coupons once," he said, "but I didn't do anything more about it. Here it is" . . . he held it out . . . "more than four years old."

That little incident reveals one of the fundamental reasons why some men go forward and others do not. Up to a certain point all men are interested in their business future. They will read about success and talk about it; but at that point they divide sharply into two classes. One group merely talks; the other acts.

Think of the four years that have passed since that man clipped that coupon. In that time, Charles E. Murnan, who was a clerk in a retail store, became vice-president of the great United Drug Company.

Alexander Hamilton Institute

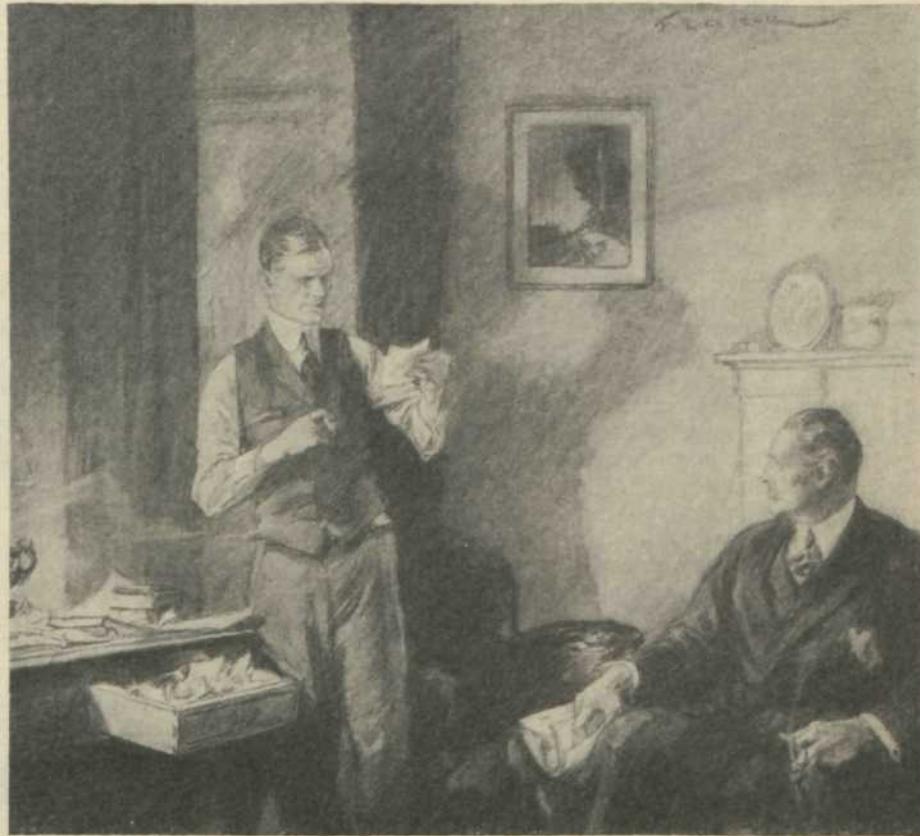
Executive Training for Business Men



IN CANADA, address the Alexander Hamilton Institute, Limited, C. P. R. Bldg., Toronto

IN AUSTRALIA, 11c Castlereagh St., Sydney.
IN ENGLAND, 67 Gt. Russell St., London

When writing to ALEXANDER HAMILTON INSTITUTE please mention *Nation's Business*



He says: "I would recommend the Course to anybody, if he had to borrow the money to take it."

In that time, J. A. Zehntbauer, who was a wholesale dry goods salesman, became President of the Jantzen Knitting Mills of Portland, Oregon. He says: "50% of my success could be attributed to my contact with the Alexander Hamilton Institute."

And all this while the man who was interested, but lacked the power of decision, has gone along with petty salary increases, when he might have made a direct short cut to executive opportunity and increased earning power. Some day he will arrive, but he has sacrificed the joy of succeeding while he is still young.

This is not an advertisement in the ordinary sense. It is a business editorial. Two men will read it. One will say, "That is interesting." He

may even go so far as to clip the coupon, but it will never be mailed. At the critical moment of decision he will be tried and found wanting.

The other man will say: "This thing involves no obligation or cost. The Course has helped more than 300,000 men to shorten their path to the top. I have a duty to myself and my family to investigate it." He will clip the coupon and it will be mailed.

You have a decision. Will you let us lay before you a definite plan of business reading, worked out by men who have made an unusual business success? Give one evening to it; decide, alone in your own home, without haste or pressure.

ALEXANDER HAMILTON INSTITUTE
441 Astor Place
New York City

Send me the new, revised edition of "Forging Ahead in Business," which I may keep without charge.

Signature..... Please write plainly

Business Address.....

Business Position.....

a shorter-than-expected yield in Australia and less satisfactory reports in Argentina, owing to possible rust damage, have tended to steady these prices.

The position of the so-called "heavy" industries improved little during the month. Estimates of iron and steel output varied between 60 and 65 per cent, and prices eased. Quotations on pig iron were lower than they have been in more than a decade. Steel sold below the five-year low. Production of iron in October was 16 per cent lower than it was in October of last year. To account for this decline there was rather light buying, except of rails by the railway companies; a leading automobile manufacturer was out of the market, pending the creation of a new type of car; and the depressed market for oil country supplies, owing to an oversupply of petroleum. Output in the steel market was well below that of a year ago, despite active buying of structural materials early in the year and the better conditions in the implement manufacturing trades.

The soft coal trade has not shown much life in buying or strength in prices. The settlement of the strike in Indiana, Illinois, and Ohio seems to have been merely a truce pending a future settlement. The larger production that has resulted from the settlement, while helpful to ordinary trade in the mining areas, seems to be regarded as merely providing consumers with an assurance against worry about supplies. This trade has been highly competitive of late. Prices, over the month, have been much weaker; supplies have been fairly well maintained.

The automobile trade has not come up to expectations, either in the buying of old cars or new. By many, the delay in getting out new models by the former largest producer of small cars is held mainly responsible. Even with him out, however, there seems to have been enough cars to go round.

The cement trade was one of the few heavy industries to show record, or close to record, output. It has been favored by the large amount of road, hydro-electric, and other heavy construction. The output of lumber has been showing an increase over the first half of the year. The volume moving, however, as compared with a year ago, seems to have been affected by the continued sag in the amount of new building planned.

Car loadings give a truer reflection of the sag in the heavy industries than any other existing measures of movement. In October they fell 6.3 per cent below a year ago. The decrease for the year is 1.4 per cent. To explain these reduced loadings for the year to date, there are the follow-

ing decreases: 19 per cent in coke shipments, 11 per cent in ore, 6.5 per cent in forest products, 3.6 per cent in live stock, and 1.4 per cent in coal. Offsetting these decreases, there are gains of six-tenths of one per cent each in grain and miscellaneous products, and two-tenths of one per cent in merchandise and less-than-carload freight. Gross railway earnings for the year to date are 2.3 per cent below 1926. Net returns are 9.3 per cent lower.

Of the lighter industries, electrical apparatus, radio, leather and leather goods, and

wholesale distributive trade thus far recorded in 1927 as compared with the same months of 1926:

	Chains				
	Chain stores	Mail and mail orders	Dept. orders	Whole- sale stores	Whole- sale
Jan...	10.1	d 6.9	i 2.0	d .9	d 3.8
Feb...	17.1	d 3.0	i 8.1	i 1.7	d 3.9
Mar...	12.3	i 2.1	i 7.8	d 1.8	d 2.4
April...	25.1	i 4.6	i 17.6	i 6.9	d 2.7
May...	7.5	i .05	i 4.6	d 4.6	d 2.9
June...	13.8	i 3.3	i 10.6	i .05	d 3.7
July...	11.5	i 3.0	i 8.3	d 3.7	d 4.9
Aug...	18.4	i 17.1	i 18.0	i 7.4	i 1.0
Sept...	13.5	i 8.1	i 11.7	d 0.1	d 5.5
Oct...	9.6	i 8.2	i 9.0	d 3.3
10 mos	12.5	i 3.6	i 9.1	i *6	d *3.5
					*9 mos.

The gains of 9.6 per cent in chain store sales over October a year ago followed a gain of 9.7 per cent in October, 1926, over 1925. This certainly shows sustained growth. The gain of 8.2 per cent in mail order business followed a decrease of 10.2 per cent in October, 1926, over 1925. The gain of 9 per cent in chains and mail order sales combined followed a gain of only eight-tenths of one per cent in these two groups in October, 1926, over 1925.

Farmers Help Mail Order

THE mail order gain this year seems a tribute to the better position of the farmer this year than last. So, also, does the ten months' gain of 3.6, which followed a gain of 8.1 per cent in the same period of 1926 over 1925.

Preliminary reports of department sales for October show a decrease of 3.3 per cent over a year ago. October, 1926, had shown a decrease of 5 per cent over 1925. In the nine months of this year a decrease of 1 per cent over last year followed a gain of only 3 per cent over 1925.

Some of the October measures of movement at hand show the difference in trends in various lines. Mail order sales in October, while in excess of October, 1926, were below those of October, 1925. Daily pig iron production in October was the lightest in two years. Steel production in October was probably 10 per cent below a year ago. For ten months iron production was 5.6 per cent below 1926. Steel output was perhaps 10 per cent lower for the same period. Building permitted for in October fell 32 per cent behind 1926. For ten months the decrease was 9 per cent. Deliveries of silk to mills were approximately 11 per cent above those of the record year of 1926.

Bank clearings and bank debits, which probably reflect somewhat the effects of speculation upon the volume of banking business, show respective gains of 7.2 and 12.4 per cent over the same months of 1926. The gains for ten months were, respectively, 4.4 and 9.1 per cent. With New York totals omitted, bank clearings show a decrease of one-half of one per

BUSINESS INDICATORS

Latest month of 1927 and the same month of 1926 and 1925 compared with the same month of 1924

	Latest Month Available	Same Month 1924 = 100		
		1927	1926	1925
<i>Production and Mill Consumption</i>				
Pig Iron	Oct.	112	135	123
Steel Ingots	Oct.	105	130	124
Copper—Mine (U. S.)	Sept.	103	114	106
Zinc—Primary	Sept.	117	128	116
Coal—Bituminous	Oct. *	93	113	109
Petroleum	Oct. *	128	114	107
Electrical Energy	Sept.	137	130	114
Cotton Consumption	Sept.	143	130	110
Automobiles	Oct. *	80	115	153
Rubber Tires	Aug.	133	136	130
Cement—Portland	Sept.	120	114	110
<i>Construction</i>				
Contracts Awarded (36 States) Dollar Values	Oct.	135	123	127
Contracts Awarded (36 States) Square Feet	Oct.	134	126	150
<i>Labor</i>				
Factory Employment (U. S.)—F. R. B.	Sept.	101	105	104
Factory Payroll (U. S.)—F. R. B.	Sept.	105	109	105
Wages—Per Capita (N. Y.)	Sept.	105	105	101
<i>Transportation</i>				
Freight Car Loadings	Oct. *	99	106	101
Gross Operating Revenues	Sept.	104	109	105
Net Operating Income	Sept.	114	125	115
<i>Trade—Domestic</i>				
Bank Debts—New York City	Oct. *	151	128	128
Bank Debts—Outside	Oct. *	120	114	115
Business Failures—Number	Oct.	105	104	93
Business Failures—Liabilities	Oct.	100	92	82
Department Store Sales—F. R. B.	Sept.	109	110	102
Five and Ten Cent Store Sales—4 Chains	Sept.	136	124	113
Mail Order House Sales—2 Houses	Oct.	124	114	127
Wholesale Trade—F. R. B.	Sept.	99	105	102
<i>Trade—Foreign</i>				
Exports	Sept.	99	105	98
Imports	Sept.	119	120	122
<i>Finance</i>				
Stock Prices—20 Industrials	Oct.	185	148	147
Stock Prices—20 Railroads	Oct.	157	132	117
Number of Shares Traded In	Oct.	261	216	296
Bond Prices—40 Bonds	Oct.	109	105	102
Value of Bonds Sold	Oct.	93	80	96
New Corporate Capital Issues (Domestic)	Oct.	173	64	72
Interest Rates—Commercial Paper, 4-6 months	Oct.	128	144	140
<i>Wholesale Prices</i>				
U. S. Bureau of Labor Statistics	Sept.	99	102	106
Bradstreet's	Oct.	100	95	107
Dun's	Oct.	99	97	102
	July, 1914 = 100			
	Sept. 1927	Sept. 1926	Sept. 1925	
<i>Retail Purchasing Power, July, 1914 = 100.</i>				
Purchasing Power of the Retail Dollar		61	60	59
Purchasing Power of the Clothing Dollar		58	57	57
Purchasing Power of the Food Dollar		65	63	63
Purchasing Power of the Rent Dollar		60	57	56

*Preliminary.

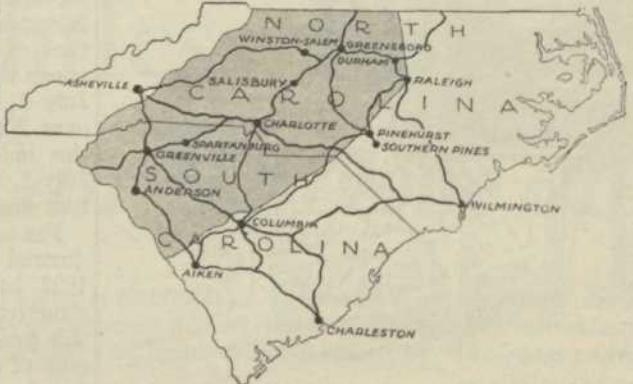
Prepared for *Nation's Business* by General Statistical Department, Western Electric Company, Inc. November 10, 1927.

rayon have been quite active. Another group more active than a year ago includes cotton and woolen goods and oil-refining, notably gasoline manufacture. The last named had a record output and consumption in the last two months of warm weather. Uncertain movements of raw cotton, with prices down below twenty cents for a while, had a deterrent effect upon cotton goods sales. The price, however, rallied sharply. Consumption and exports for the season have been very large. Exports especially have held up well as compared with the record movement of a year ago.

The following table exhibits the percentage of increase or decrease in retail and

Low Costs here

have their meeting point



Raw Materials

Agricultural for textiles, tobacco manufacture, canning, packing, tanning, etc.

Lumber for furniture, wood products, paper, pulp and chemicals.

Mineral for ceramics and electrical porcelains, refractories, brick, tile and clay products, building material, etc.

Labor

Skilled, especially in textile and wood-working lines.

Unskilled, at present on farms, outnumbers that in factories three to one. Keen, loyal, teachable, 99% native born, nearly 70% white.

Power

The Nation's outstanding hydro-electric development, based on a combination of heavy rainfall in the neighboring mountain region and unmatched drainage and storage facilities.

Overhead

Land is plentiful, and construction shares in the region's low costs. Both contribute their part to industrial advancement. Heating, due to the equable climate, is at a minimum. Legislation is favorable to industry, never confiscatory nor hampering.

SEVENTY-TWO manufacturing plants have located in Piedmont Carolinas during the last twelve months—an average of six a month. What evidence proved to them the wisdom of locating here?

Engineering studies of raw material sources and prices, labor supply and wage scales, land and construction costs, and power resources show that *all* these elements of low production costs meet in a focal point here. The average is *substantially* lower than in older, more highly industrialized areas. And in addition:

Investigation shows that in and adjacent to Piedmont Carolinas there is a large, active market, capable of absorbing many products not yet supplied locally.

The section's nationally famous system of paved roads facilitates communication between related industries and knits the whole region into a compact community. Legislation is favorable to industry. Living conditions, due to the mild bracing climate, are ideal.

All these economic forces combine to make far seeing manufacturers realize the impossible handicaps of old, congested, highly industrialized areas; and attract them to the freedom and opportunity of Piedmont Carolinas.

FACTS



FACTS. Detailed, concrete facts that apply to your business. You will find this book gives you just the information you want. Send for it, addressing Industrial Department, Room 109, Mercantile Building, Charlotte, N. C. It will be mailed you willingly and promptly. Your sales and purchasing departments can use copies, too. Write—today.



Markets

Mass markets, based on the prosperity of industrial workers and farm owners, offers unusual opportunities. Especially foods and feed stuffs (\$235,000,000 imported annually) ceramics, electrical appliances (the Nation's record market) clothing, shoes, etc.

Industrial markets include not only machinery and supplies (\$107,000,000 annually used by Southern textile mills) but also semi-finished products and material that supplement present industries, as paints, varnishes, upholstery fabrics, etc.

Highways

4,000 miles of paved and hard surfaced road form a network over the whole region.

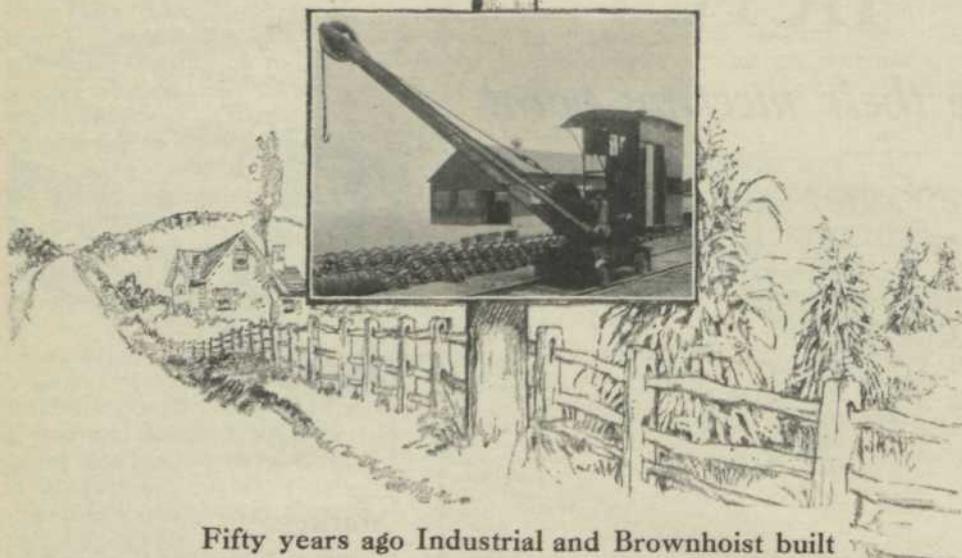
Living Conditions

Unexcelled schools. Splendid recreational facilities in Carolina world-famous mountain and seacoast resorts. No servant problem. No congestion or slums. Workingmen can afford spacious building plots (75 or 85 x 200). Homes are inexpensive and comfortable. Towns are modern and at the same time uncrowded.

D U K E P O W E R C O M P A N Y

OWNERS OF SOUTHERN POWER COMPANY, SOUTHERN PUBLIC UTILITIES COMPANY & ALLIED INTERESTS

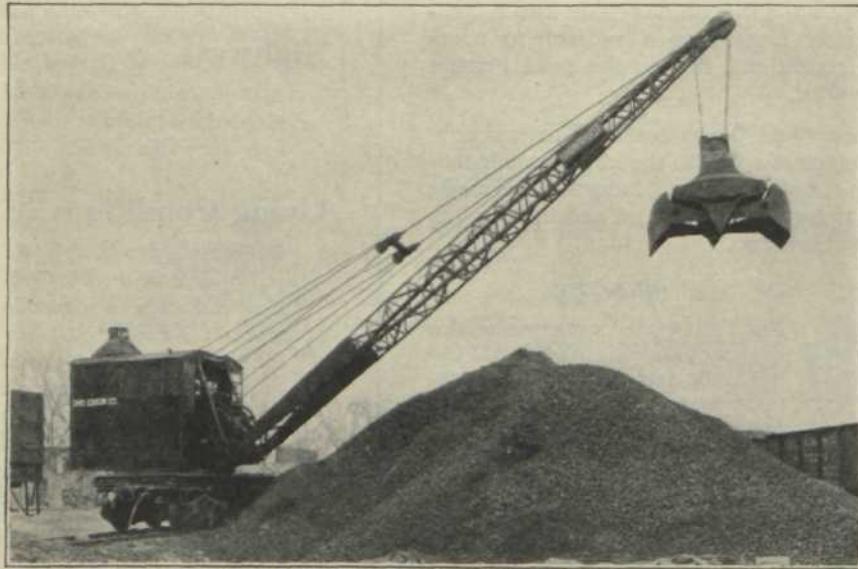
Milestones of handling Progress



Fifty years ago Industrial and Brownhoist built their first handling equipment. These first machines, to be sure, took no beauty prizes, but they did give many years of satisfactory service.

Handling problems and machines differ from those of a few decades ago. Greater tonnages have made necessary bigger and better cranes and the diversified needs of industry now require many different types.

Having set the standard in this important field for half a century, Industrial and Brownhoist are now working as one big organization in order to even better carry out this purpose. As a result, we can now assure you greater material handling economies than ever before. May we be of service to you?



INDUSTRIAL BROWNHOIST CORPORATION

General Offices: Cleveland, Ohio

District Offices: Bay City, New York, Philadelphia, Pittsburgh, Detroit, Chicago, San Francisco, St. Louis, New Orleans

INDUSTRIAL BROWNHOIST

When writing to INDUSTRIAL BROWNHOIST CORPORATION please mention Nation's Business

cent from 1926. Debits show a gain of 4.5 per cent. Business failures for October show an increase of 3.9 per cent in number but a decrease of 15 per cent in liabilities. For ten months, failures show an increase of 2.2 per cent and liabilities of 10 per cent over 1926. Cheerful features of the October failure showing are that there were fewer failures than a year ago in the northwest and the south. The small number of bank suspensions indicates that liquidation of this sort has apparently dropped to a negligible quantity. While decreases in prices of leading products slightly exceeded increases, the Price Index Number as of November 1 rose about 1 per cent over that of October 1. It was 8.5 per cent above the low point of the year touched on July 1, and showed a gain of 5 per cent over November 1 a year ago. This was the fourth successive monthly rise since July 1. It was mainly due to gains in textiles and provisions.

For a month or more, the reports of industrial companies for the third quarter of 1927 have been appearing. A very instructive showing as to the value of trade this year and the narrowness of the margins of profit derived therefrom, as compared with last year, is had in a compilation by the *American Bankers' Journal*. This shows that, of 125 company reports appearing for the third quarter of 1927, 54 had higher earnings and 71 were below a year ago. Aggregate profits for the third quarter were \$216,692,000 as against \$248,386,000 in the third quarter of 1926. This was a decrease of 12.8 per cent. With the leading automobile producing corporation excluded, the decrease was 20.8 per cent. For nine months of 1927 combined earnings of 125 corporations were \$675,456,000 as against \$699,950,000 in 1926. This was a decrease of 3.5 per cent. With the leading interest omitted, the decrease was 11.1 per cent.

Village Gets New Lights

NOW AND then, even in Europe, there are instances of the real old-fashioned self-help in public affairs. An individual steps to the front and gives the public a new service, without asking for a subsidy from the Government.

Recently, a storekeeper in a small Welsh village, Penygarn, stepped to the front and gave the benefit of electric light to his fellow villagers.

There was no electric light company within a hundred miles of this village. There was no gas. The buildings and streets were lit by old-fashioned oil lamps. Many of the villagers used candles.

The village council refused to take action. So did the county authorities. So, a storekeeper named W. E. Jones decided to do the job himself.

He went to London and bought an electric plant. He and his son installed it and wired the village.

He has now built up a small system of 400 lights. He sells six lights to any family for \$20 a year.

He will now be attacked by the Socialists of the village, no doubt, as a monopolist and a profiteer.—H. N. C.



Profitless Prosperity

What Can Be Done About It?

IF YOU ARE AN EXECUTIVE on whose shoulders rests the responsibility of reducing production cost—if you have seen sales rise and profits decline, you know what is meant by “profitless prosperity.”

You know that profits are coming harder and harder, that business is faced with the greatest pressure it has ever experienced, that some way must be found to solve this new problem—the factor of declining prices.

You know that this problem is too big to be solved by *petty economies*, by cutting corners here and there, or by attempting to squeeze the last dollar out of labor and material.

Only *substantial savings* can meet this serious factor of declining prices.

During the past year the Youngstown Pressed Steel Company has materially reduced costs for 127 manufacturers by showing them how to redesign their products and change their raw materials.

One manufacturer cut the cost of his *completed* product 10% by changing a single casting into pressed steel.

Another standardized fifteen different cast parts into two pressed steel parts and saved 60% of the cost of these parts. Still another cut the weight of his parts 53% and reduced the cost 25%.

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Perhaps you have too readily assumed that there are no further possibilities for cost reduction in your own factory. The substitution of pressed steel for some other raw material you are now using may of itself effect a substantial saving.

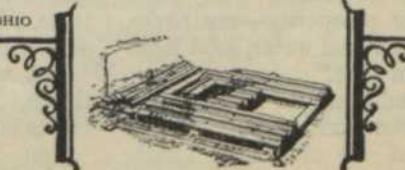
Why not let us send an engineer to determine if we may be able to help you? On your part it involves no obligation whatever. If we cannot help, we will quickly tell you. If we believe we *can* help, we will gladly submit an outline of the manner in which this will be done and a statement of the costs involved.

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THE YOUNGSTOWN PRESSED STEEL COMPANY

PRESIDENT

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THAT MAN MUSSOLINI!

(Continued from page 22)

had been a teacher of French for several years, and I wondered if he would receive a reference to his humble beginnings. He laughed heartily.

"Now, about our democracy?" I brought him back to the main theme.

"Will Mr. Coolidge be nominated again?" he countered.

"Don't you think according to your philosophy that he should be elected for life?" I parried.

"Your law would not permit a third term." Again he countered.

"It is not law," I replied, "only a tradition. Mr. Coolidge could be elected by terms for life. Would it not be a good thing?"

"It is a Mr. Smith, Al Smith, who is Democratic candidate?" He was still the fencer.

"He is a possibility," I replied. "But, a permanent President of the United States—"

"Mr. Smith is a Catholic, is he not?"

From the tone in which he asked the question, the inflection, his manner, what had gone on before, all he has said and written about government, and particularly the meditative mood in which his own observation seemed to put him, I knew what he had in mind. He was saying:

"O great American people! When will you, too, realize that government is a thing to be done efficiently, that religion and similar popular campaign issues are wholly irrelevant, illogical, disintegrating."

Again, for the third time, the telephone interrupted. As he gave staccato orders, I again observed the man on horseback. Here was the new Caesar who, single-handed, had brought great material advancement to his fellow countrymen; highways, water-mains, streets sprinkled, merchant marine, telephones, excellent transportation.

What Mussolini Tells Us

"WHAT message," I asked him, "have you for me to carry back to the American people?"

I so wanted him to say something like this: "You Anglo-Saxons will not understand. You are individualists and demand a part in government even though at a terrific cost. My plan would not be best for you. But your plan is not for my people, either—for fifty years we tried it and it failed. Forms of governments must be suited to peoples." He might have said that, but he didn't.

"No message," he replied. "You yourself have the message. Tell America what you have seen and experienced. The new life of Italy, the new spirit. Don't forget the discipline. It is most important. Discipline, Order and Obedience. And Work. They give us our prosperity—our parks, schools, electric lights and water, good highways, our trains on time."

He bade me good-bye. As I went down and out, through the guarded corridors and yards, thinking of the stories of bullet-

proofed windows in automobile and offices, fear of poison (three attempts have been made to kill the Duce), I pondered:

"From Plato and Aristotle down through Montesquieu and Bryce we can read clearly the benefits and evils in autocracy and the benefits and evils in democracy. Will the collective intelligence of the American people develop to such a point that it will seize upon and bind with hoops of steel those benefits of democracy and at the same time be strong-willed enough to stand out against its evils—those legislative panaceas which add to its inherent wastes, inefficiency, cumbrousness? For in that weakness lies the blighting and withering of democracy's finest flower, individual reward for individual merit."

* * * * *

AFTER re-reading what I have just written, I recall with a vague uneasiness what everybody told me when I announced that I was going into Italy to talk with Mussolini.

"You, too, will come out raving about him and cheering for Fascism," they said.

Chester H. Rowell it was, who said it is an American failing to judge everything by business standards, everything—politics, religion, social advancement—and that is why business leaders, fearful of Bolshevism, look with favor upon Fascism.

I can understand why a business man would admire Mussolini and his methods. They are essentially those of successful business. Executive action; deeds, not words. Executive action, not conferences and talk. Mistakes, yes, but action. A bit of the Jesuitical, the end justifies the means. A supreme contempt for red tape. Soviet control of factory, anathema. Material progress must precede spiritual, artistic, and intellectual.

The business executive despises the tortuous ways of government. He tolerates bureaucracy and its red tape. He closes his eyes to the wastes, and bends his mind to ways and means of finding more profits to pay the increased taxes which the inefficiencies entail.

The creed of the executive is the old Welsh proverb: "Do summat, bad, mayhap, but do summat." His coat-of-arms is emblazoned with the words, "Law. Order. Duty. Discipline. Restraint. Work."

Such is Mussolini. The impression you get of him is that he is a fine type of business executive. He cuts through. No idle words. Not too few, not too many, just enough. Quietly spoken, but leaving no doubt in anyone's mind that he carries a big stick. Great reserve, and as he talks what is it that causes his eyes to flash and his cheeks to burn? Accomplishment! Not fine-spoken theories; not plans; not speeches he is going to make. None of these. Things done! And that is your successful American executive.

But with all my admiration for these things, I hope they did not blind me to the eternal verities.

You will recall Mussolini's parting

words: "Tell America what you have seen. The new life of Italy, the new spirit. But don't forget the discipline. It is most important. Discipline, order, and obedience. And work. They give us our prosperity—our parks, schools, electric lights, and water; good highways, trains on time."

Trains on time! That phrase has pounded away at my brain intermittently ever since. For it brings to mind the burning words of Gaetano Salvemini, former member of the Italian Chamber of Deputies, who was imprisoned, banished from Italy, his property confiscated, because his political views differed from those of Mussolini. Salvemini said:

"Casual visitors to Italy, in the presence of a great moral tragedy, find that the trains run on time and thank God for Mussolini. They do not ask themselves if justice also runs on time, if liberty also runs on time, if human dignity also runs on time. Justice, liberty, the guaranty of human dignity; these are also public services in civilized countries. Perhaps the casual visitor who pays attention only to the punctual arrival of the trains thinks that the Italian people is so degraded that it is not worthy of having good public services of a moral nature. Or else, he himself is so degraded as to be able to appreciate only public services of a material nature."

Italy, with all its material benefits, is losing something far more important—the incentive of the individual to grow strong on his own account and thus increase his spiritual stature.

And that is the lesson I learned from Italy and Mussolini.

English Socialism

SOCIALISM in England is rapidly becoming a synonym for bankruptcy. One by one the municipal enterprises that were started by the Socialists, in the heyday of Fabianism, twenty years ago, are becoming insolvent.

Even the famous street-cars of Glasgow, which were expected to lift the burden of local taxation, are now in the red ink. Every "Red" enterprise, so Britain has found, lands in the red ink eventually.

Apparently, Socialism can only be carried on as long as Capitalism will pay its debts.

A recent report shows that one whole county in England, Monmouth, has been plunged into insolvency by its Socialist Councillors.

Five English towns, during 1926, gave doles to 20 per cent of their population. They now find themselves in a state of general doledom, with their treasures empty and their credit destroyed.

It is now becoming clear, even to many of the leaders of the Labor Party in Britain, that Socialism cannot stand on its own legs. There is no magic in it to reduce costs nor to increase output nor to promote prosperity. It is sheer incompetence and mendicancy, under a high-sounding name.

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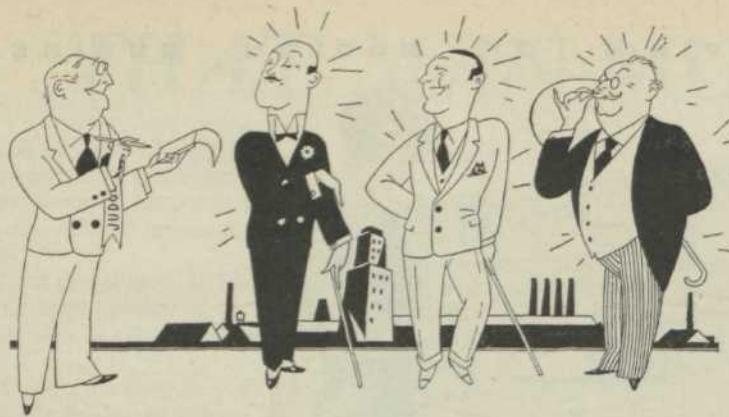
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Young Men and Their Chances

BY WILLIAM FEATHER

BECAUSE I do not choose to play golf I am in frequent receipt of clippings extolling golf, from unknown but loving friends. I am now sending to all suspected sources a handsomely printed wall motto on which appears an epigram I wrote several years ago. It reads: You can't let business interfere with golf, if you expect to win the championship.

GOLF must be a good game or it would not be played by so many good men. I have no objection to it. My feeling was expressed by a friend who, paraphrasing the famous remark of Moran and Mack, the comedians, said: "I'd play golf if I could find any pleasure in it."

THE MAN who can find pleasure in his job is the luckiest fellow. Those of us in business really have a pretty good time out of it. I have been running a printing plant for more than ten years, and in this time I have written not less than 10,000 words every month. Every line of copy has been written at my office desk. If I had to pay for the privilege of occupying this desk I should do so because it affords such a fine opportunity to observe the most interesting phase of all human activity. Men and women are at their best when they are at work.

MANY of my callers are seeking jobs. It is impossible for me to be abrupt with a man who is out of work, and so I talk to all, although it is seldom that I can be of immediate help. The conclusion has been forced on me that the majority of job-seekers are distinctly second-rate. Otherwise they would have observed what was happening about them, and would have placed themselves elsewhere before they were displaced.

IHAVE lately been suggesting to young men that they try to get positions with small companies, or that they get into selling. My argument is that the small companies offer great potentialities to competent, energetic young men. Opportunities for part ownership are offered. The profits of the proprietors of small companies, doing less than \$250,000 of business annually, are often greater than the salaries of the officers of large, national corporations. The reaction of the young men to this suggestion is that they prefer to be with a big company because they "feel safer."

TO THE suggestion that they go into selling, since it offers such large rewards to those who are successful, I get the complaint that selling does not appeal to them. They prefer to do work that is more "creative."

Is it any wonder then that men who are willing to take the risk of proprietorship, and who dare to face the hardships of sales-

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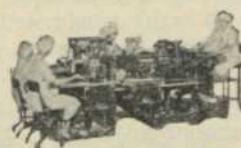
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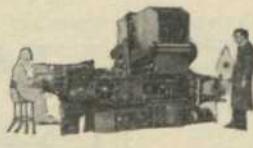
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The Fresh Work Cigar Machine makes high grade long filter cigars in one continuous series of operations, automatically.



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The Scrap Weighing and Packing Machine weighs cut strap tobacco, packs it in paper bags and attaches revenue stamp, automatically.



The Cigar Box Stamper applies and cancels government revenue stamps to cigar boxes, automatically.



The Cigarette Pouch Packer counts and wraps 20 cigarettes at a time into a pouch package, automatically.



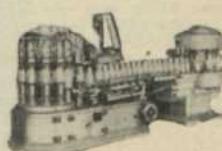
The Standard Stripping and Bounding Machine cuts the center stem from tobacco leaves and binds the halves in right-hand and left-hand bundles, automatically.



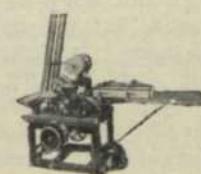
The Bucket Scale fills sacks of material to balanced weights from 50-500 lbs. automatically.



The Continuous Stream Scale fills cartons, containers, bags, or bottles with materials to exact weights, from $\frac{1}{2}$ oz. up to bucket capacity, automatically.



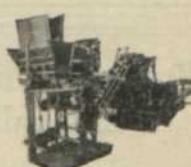
The Milk Bottle Sealing Machine forms a sanitary 3-ply paper seal over the entire top of a milk bottle, automatically.



The Duplex Wrapping Machine wraps and seals 150 packages per minute in glassine paper, automatically.



The Optical Multiple Duplicating Machine transfers designs from a photographic negative to a lithographic plate, with precision.



The Standard Packing Machine weighs and packages coarse products (such as tobacco, shredded coconut, etc.) in foil, waxed or glassine paper, automatically.



The Almond Bar Wrapping Machine wraps chocolate bars in foil, applies a band label, automatically.



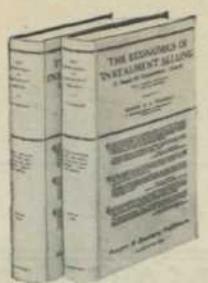
The Standard Breadwrapping Machine wraps and seals bread and cake in waxed paper, automatically.

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By EDWIN R. A. SELIGMAN
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The young man in school today will be the executive in business tomorrow. Business is becoming a profession for the college graduate.

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NATION'S BUSINESS
Washington, D. C.

men, are paid many times more than those who insist upon safe, congenial, pleasant employment?

Last month I picked up a copy of the *New Masses*, a radical monthly, and observed a list of more than twenty contributing editors. Opposite the title of business manager appeared one lone name. The *Masses* pays nothing for manuscript, but I'll wager it pays a salary to the business manager. Twenty people are willing to write without pay; nobody is willing to hustle for advertisements and subscriptions without pay.

Yet I am certain that a lot of those with moderate ability to write would actually improve their writing and increase their income if they would get into business.

I HAVE been amusing myself by suggesting to the critics of business practice that they back up their ideas with money. A man loudly proclaimed that "they" were going to put stocks down as soon as "they" have distributed them.

"Why don't you sell short?" I asked. He made no answer.

Another man complained that the banks of his city were stifling business enterprise by refusing to advance capital to new, struggling companies.

"If you had \$100,000 how would you invest it?" he was questioned.

"I'd buy first mortgages," he answered promptly, failing to observe an inconsistency.

A third critic asserted that the play producers in New York were stupid.

"They don't know their own job," he said.

"It's easy to rent a theater," he was told. "Why don't you raise a few thousand dollars and show them up?" No answer.

Nothing is perfect and a lot of practices aren't even good, but the field for competition is wide open. Is the system of distribution bad? By backing their ideas with a little capital the founders of the chain stores have become millionaires. Most of the New York play producers were once poor men who acted while others talked. An outstanding success in book publishing today is the achievement of two young men who backed their ideas with a little money.

Business men are the most dangerous of all critics. The bankers don't fear those who spout at luncheon tables. But they tremble when a young man puts a new and a good idea into practice and makes it work.

Criticism! The business structure is under piercing scrutiny every day. Not the scrutiny of muckrakers. That doesn't hurt as much as the scrutiny and criticism of potential competitors who have the courage to say, "That's wrong. I'm going to do it the right way."

MOST advertising men think that their customers are dumb. The most entertaining articles in the advertising journals are pokes at the follies and stupidities of the directories and executives of the "big accounts." I wonder that it so seldom occurs to the advertising writers that the dumb-bells are putting up the money for

the big hurrah. If the buyers of advertising talent are yokels, why don't the advertising writers find something of their own that can be marketed by advertising, and thus become rich and dumb themselves. A few advertising men have done exactly that, but you don't hear these men denouncing their customers. They have acquired respect for the courage of those who have such faith in the power of advertising that they spend a couple of millions a year on it.

ABOUT fifty years ago a young man read an interesting and romantic business story. He said to himself "Why doesn't somebody publish a lot of stories like that?" The longer he thought about it the surer he was that something should be done. What did he do? He started a magazine to give expression to his idea. And so we now have the *Saturday Evening Post*, published by Cyrus H. K. Curtis. That's the kind of criticism that hurts in the publishing business.

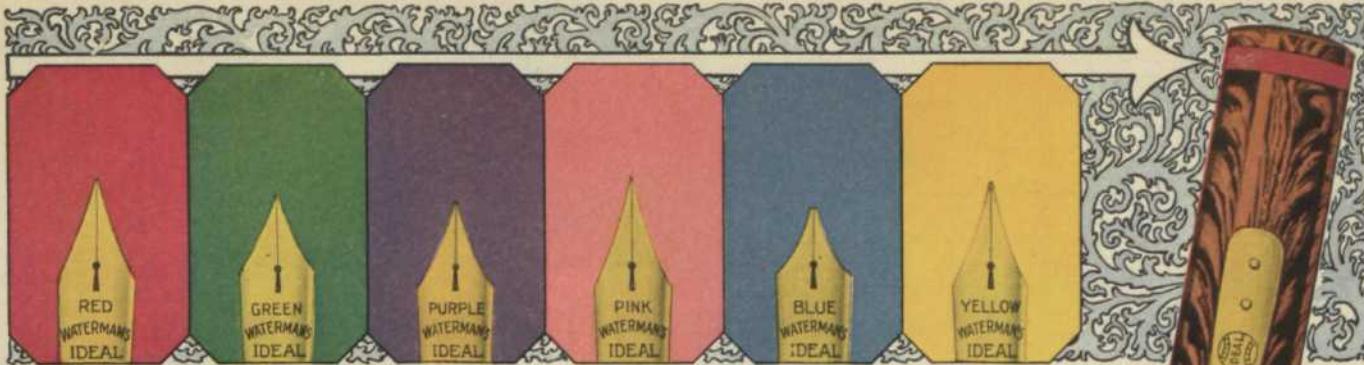
I MAKE this suggestion to young men: When you find something to criticize in business don't go to Congress to get it corrected. Don't bother to write to the editor of your newspaper. Go to the boss of the offender and tell him how to eliminate the cause of your criticism. If he doesn't put you on his pay-roll, and you still think something should be done, see if you can't figure out a way to get into business with your idea. That's how most good things get started, and that's how money is made—by doing something better than the other man.

Britain's Two-Piece Habit

NO CONFIDENCE is violated, we feel sure, in passing the word that one-piece undergarments find little favor among British men. This intimate intelligence is gleaned from a trade bulletin issued by Mr. Hoover's textile scouts. As for British women, they have modified their lingerie preferences to conform to modern styles, and now audibly demand light-weight undergarments. It is only the men who are reactionary.

Well, there they stand, a sort of old guard, clinging desperately to their familiar shirts and drawers. And who would not when so publicly exposed? The men seem to feel, the report tells us, that the one-piece suit—or, as they name it, the "combination"—is a garment suitable only for women. But that judgment seems as gratuitous as chemistry's boast that it can clothe women synthetically, and the women scarcely know it.

Like ancient Gaul, the men consumers are told off in three divisions—the working man, who wants his underwear cheap and substantial; the tradesman, who demands finer materials; and the office worker, or "banker class," who wants underwear of the finest cashmere or silk. But what of the nobility? Can pride alone insulate the marrow of a duke? Was it lack of something upper or nether that induced the first royal flush? Possibly there is a compensating sufficiency from decoration with the Order of the Golden Fleece.



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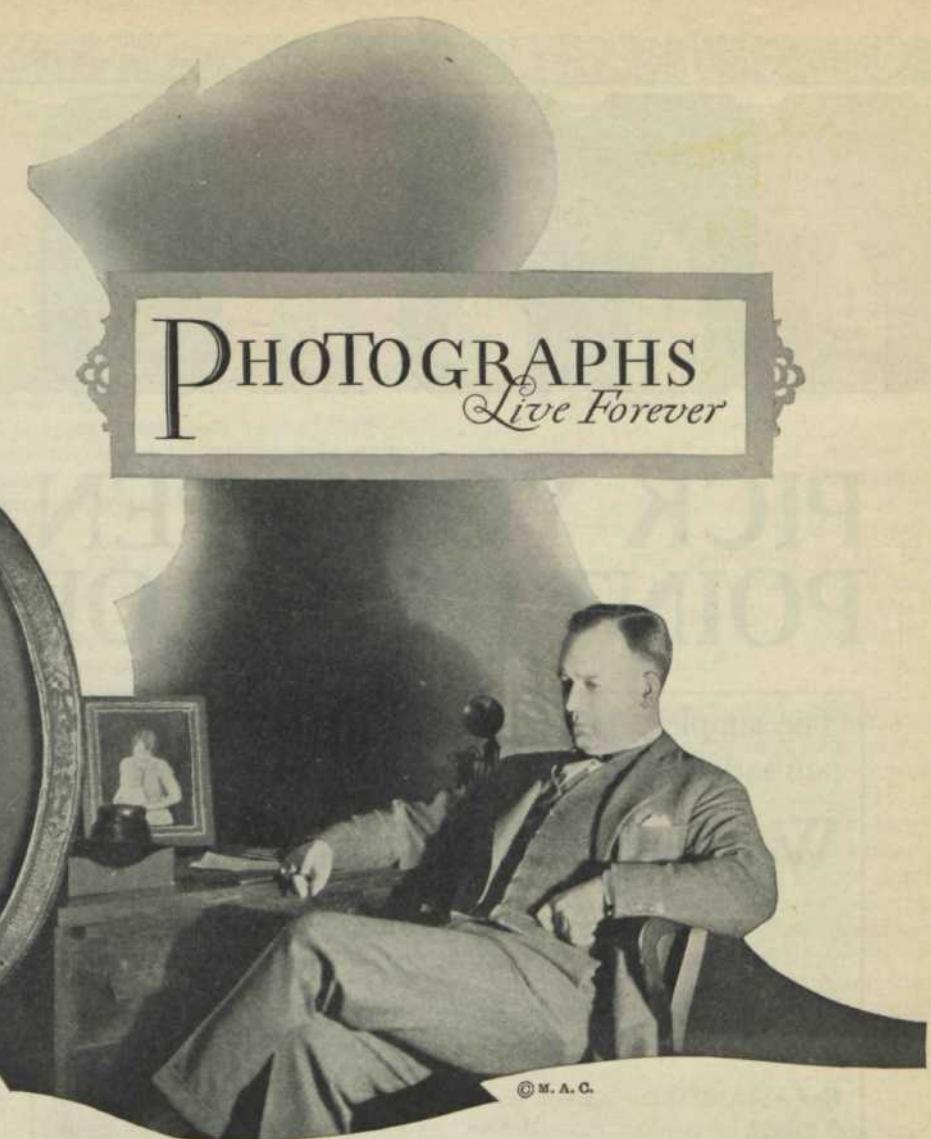
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On the Appalachian Highway

THE PROGRESS of the United States during the past ten years in building fast and serviceable automobiles and stretching out thousands of miles of fine highways for them to traverse has been nothing short of a business miracle.

Today a veritable network of asphalt and concrete weaves a healthy web of friendship between town and country—from New York to San Francisco, from the Gulf to Canada.

A Spectacular Highway

THE two oldest French cities in North America, New Orleans and Quebec, are connected by one of the most spectacular of these great highways—the Appalachian Scenic Highway.

From the regions of the Gulf of Mexico it runs, over the Appalachian Ranges, through the beautiful Shenandoah Valley and the lake regions of the Empire State, to Canada. In all, it traverses some 2,400 miles of scenic beauty and historic interest, in ever-changing panorama.

For the development of this highway, the credit goes largely to Roscoe A. Marvel, of Asheville, North Carolina. Several years ago, Mr. Marvel began assembling fragments of north and south paved highways. Gradually he organized them into the Appalachian Scenic Highway Association.

The direction which the activities of the Association are taking is worthy of mention.

Besides affording a connection between the playgrounds of the eastern states and the Canadian resorts with those of the southern states bordering on the Gulf of Mexico, it is devising means of establishing closer relationship between the cities and towns along the highway and of increasing their patronage.

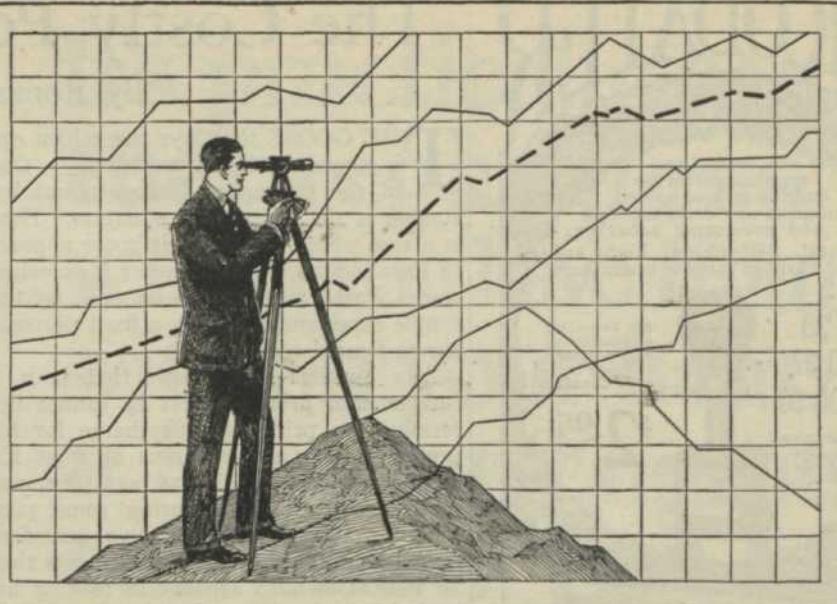
It also commands attention in an international way by virtue of its attempt to cement friendlier business between the United States and Canada.

A Motor Tour of Good-Will

IN THE latter respect, the motor-trek which it assisted in sponsoring this fall is, perhaps, outstanding. More than 100 motor cars from all points along the highway trekked their way to Quebec, carrying with them silent messages of salesmanship for the cities, counties, states, or private businesses which they represented.

Such tours of good-will are not entirely new. Their salutary effect has been proved in many another instance. Business men in practically every kind of endeavor have come to realize the value of advertising their wares, not only through the printed page, but also through exhibition and personal contact. When the approach is made with an added gesture of good-will and friendship, it gains in prestige and value.

Many chambers of commerce throughout the United States have advocated this idea, and those located along the route of this motorcade gave their heartiest support to the undertaking.



Surveying graphic mountains of industry

THE wise business man surveys the future, charting the trends which affect his output and making ready for varying demands.

Western Electric now is actually planning its plant and personnel to produce the materials the Bell System will need during the next five years and beyond.

One instance of planned manufacture is the expansion of cable-making facilities. At Chicago, Western Electric operates the world's largest lead-covered cable shop. But back in 1922 the future need of an additional plant elsewhere was recognized. The works at Kearny, New Jersey, now swinging into increased cable production, was the answer.

Thus as the demand for telephone facilities increases, Western Electric will plan in advance its buying for the nation's telephone needs, its manufacture of equipment and its distribution of the tens of thousands of different articles used.

No. 6 of a series



Western Electric

SINCE 1882 MANUFACTURERS FOR THE BELL SYSTEM



American Numbering Machine Co., Brooklyn, N.Y.

Check coupon to order or for more details:

Send me an Amcodater post-paid for 10 days' free trial. { Mandarin (red) / Jade (green)

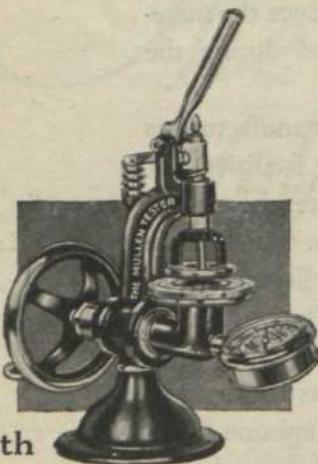
Send me further information about Amcodater and your American VISIBLE Numbering Machines.

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YOU need no longer guess in buying wrapping paper, flax and cardboard boxes, stationery, printed bands, sacks and other textiles which represent thousands of dollars yearly.

The Mullen Tester gives you the exact strength of these materials. It enables you to buy better materials at no increase in cost and gives you better protection for your products.

Used and endorsed by American Can Co., Kellogg Toasted Corn Flake Co., American Writing Paper Co., Holeproof Hosiery Co., and others. 128 Mullen Testers are used by the United States Government. Let us send you further information.

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The MULLEN TESTER

Tells you the Facts—A Government Standard

The Costly Postal Rate Raise

By ROBERT L. BARNES

THE GOOSE that lays the golden egg is sometimes killed unwittingly. One of the clearest and most recent instances is the postal rate situation. Here is a case where the valuable goose appears to have lost its life at the altar of so-called costs. Postal rates cannot be made by the simple expedient of adding a fixed percentage to figured costs.

Any business man knows that it is a fundamental principle that he cannot determine the prices he will charge for his products solely on the basis of what his accountant tells him it has cost to manufacture those articles during some past period. The skillful executive considers costs solely as one of several elements that he must take into account in making his selling prices. His prices to the public may be either above or below the cost figures before him.

If he has made prices which are below these costs, he has done so because he has analyzed the other factors involved in the problem. He knows that the extra volume of business he will secure will change the cost situation in a favorable manner so that in reality his total costs will be less than the prices he charges and a profit will be made.

Cost sheets are helpful, but they must not be taken too literally. Take, for example, the case of a manufacturer from whose plant comes one or more by-products in addition to the main product. It is quite conceivable that his accountant, using a rough-and-ready method of cost procedure, may lay before the executive so-called cost facts that are useless when it comes to making prices. For example, this manufacturer may know intuitively that, by going to a slight additional expense and putting a given by-product into marketable form, the revenue from the by-product will be so much velvet even though his cost figures might show the contrary.

The Case of By-Product Mail

THERE is a closer analogy here to the postal question than might appear on the surface. First-class mail is the main product of the post office plant. The Government has a monopoly on it. All other services are, to a greater or less extent, subsidiary or by-products. As every reader will know, he must send first-class mail through the post office, but if he wants to send magazines, circulars or packages by any other means, he is free to do so.

Now, here is where the analogy between the by-product manufacturer and the post office comes in. Cost sheets covering postal service which, in the absence of properly determined basis for allocation of expenses, are prepared by arbitrary methods, have their place, possibly, in fixing rates; but if they are relied upon implicitly, a goose that lays golden eggs may be killed.

Here is the point in a nutshell—rates should be made so as to encourage business and employ idle facilities, bringing in more revenue and actually lowering costs through the increased volume.

The post office is a combination of commercial, philanthropic and political enterprise. Leaving out the political side, there are, in addition to the commercial aspect, many services which are rendered at nominal rates because Congress thought it wise to encourage certain activities. In figuring its deficits, the post office does not take this fact into account.

Its cost sheet for second-class mail includes expense for country newspapers which, Congress has ordered, shall be handled free of charge in the county of origin where there is no city or village carrier service. The cost sheets for the several classes of mails charge to each class its respective portion of the \$105,000,000 expense of the rural delivery service. This postal facility represents one of the greatest and most extensive pioneer development services ever undertaken by the Post Office Department.

Why Shift "Policy" Costs?

REGARDLESS of what may be proper accounting methods for this expense, it is reasonable that until there is a larger volume of mail handled by rural carriers it is unjust, unfair and unreasonable to raise postal rates higher than the traffic will bear. It is an effort to pay from postal revenues the entire cost of the rural service—a service to our country's general welfare which cannot possibly be measured in terms of the small amount of postage on the mail delivered and collected in such routes. It is a pioneer service for building up the country. These and other "policy" services are worth while, and no one would dispute their merit. What is open to question is the wisdom of allowing deficits from such "policy" services to penalize other users of the mail.

As pointed out in the October issue of NATION'S BUSINESS in an article entitled "What Are Fair Postage Prices?" the three canons of postal-rate making should be:

1. Cost of "free" or "less-than-cost" services should be taken into account;
2. Rates should be made to encourage a wider use of the mails and thus reduce overhead;

3. Rates on different classes of mail should be made with due regard to the character and value of the service and the conditions under which it is performed, in the same manner as rates are determined by the Interstate Commerce Commission.

The deficit attributed to second-class mail results largely from failure to carry out the first principle. This class is charged with the deficits from handling free-in-county newspapers; magazines that carry less than 5 per cent advertising; religious, educational, scientific, etc., publications; and with a share of the deficit of rural free delivery. All these "less-than-cost" services are meritorious, but their cost is chargeable to "policy."

To go back to golden-egg-laying geese, one was killed by a desire to get \$10,000,000 more revenue out of the post card business. Instead of increasing as anticipated,

revenue dropped \$8,000,000 because the rate increase was too high. A similar killing took place in the falling off from the normal expectancy in third-class circular mail of 942 million pieces, between 1923 and 1925, or more than 20 per cent.

These are examples of what happens when rates are unreasonably high. There is always a saturation rate; more than this people will not pay. With increasing business, costs don't rise as fast as revenue; with decreasing business, costs cannot be cut as fast as revenue. These facts are particularly applicable to post office procedure. Rates should therefore be adjusted with meticulous care.

Steel and sand should not and do not pay the same charges for transportation. The value of the services rendered a car-load of each of these commodities is far from equal, though the cost to the railroad is approximately the same. It is generally recognized that the value of a service is a basis for rate-making except in post office rate-making, where it seems to have been largely overlooked. For example, 25 copies of a periodical, containing 25 per cent advertising content and averaging 25 copies to the pound, are transported within a radius of 600 miles for $2\frac{1}{2}$ cents on the entire lot; whereas a single copy of another periodical weighing a pound and averaging 50 per cent advertising content is required to pay $3\frac{3}{4}$ cents. In the first case, Uncle Sam rings 25 doorbells for $2\frac{1}{2}$ cents; in the second, one doorbell for $3\frac{3}{4}$ cents.

For another deviation from the principle of charging on the basis of the value of the service, let us look at what happened to third-class mail. In the allocation of costs, charging practically the same amount as first class, a deficit is made to appear in the third-class mail operation. Yet the third class is generally used as a "filler" service in the transportation, handling and delivery of mail.

A Spare-time Job

IN MOST post offices the number of clerks is determined by the number required to handle first-class mail expeditiously at peak loads. That is, while a first-class letter always gets "preferred" handling, an open envelope containing advertising or a circular is usually handled only when the first-class mail has been disposed of. In many post offices all services are used as "filler" to first class, and were they all eliminated there could not be a great reduction in post office expenses. If this elimination were made, it would result in loss of \$3.00 of revenue for every \$1.00 saved in expenses.

Many of us are inclined to think that the only proper place for a circular letter is in the waste basket. We forget how many we do read and how much conscious and unconscious effect they have on our buying habits. That they are of real value is proven by the records of firms using them. They have come to play an indispensable part in our merchandising processes.

The magazine or newspaper advertisement is also an essential part of our merchandising system. It brings inquiries through the mails which total into the billions. These inquiries are usually first-

It's practically certain that, regardless of whom you have figured with on your heating, a Skinner Engineer can show you how to make a big saving!



One firm had \$85,000 as the lowest figure on a heating installation — Skinner Engineers came in and saved them \$35,000

It works out that way in 9 out of 10 instances. The man who is looking for a real heating installation gets figures from several sources. Then a Skinner Engineer looks over the layout—estimates are made and checked at the Skinner plant. In nearly every instance there's at least a 20% saving, not only in first cost but in operation.

How can they do it? They don't skimp on materials. Examination will show that the greatest care is taken in the design and construction of Skinner installations. They don't just deliberately cut prices.

Here's the answer—Skinner Engineers know industrial heating more thoroughly than any other engineers in America because they have a 34-year accumulation of heating experiences behind them. They are originators of the unit-

heater method of warming the "work-area". For 34 years they have literally "lived" heating. In that time they have learned how to make every short cut to economy yet give you even and adequate distribution of heat where it is needed.

The heating knowledge of Skinner Engineers is so "sure-fire" that on practically every occasion, whether they have been called in first or have followed others, they have been able to show a mighty substantial saving.

Is it any wonder that Skinner Engineers are able to give you a better heating layout at less cost?

If you have any doubt that Skinner Engineers can do this, just call them in. After you see the Skinner estimate, chances are you will do what another executive recently did—he tore up all the other plans.

Skinner Brothers Engineered Heating

New York Office—1710 Flatiron Building

1450-90 South Vandeventer, St. Louis, Mo. See Phone Book for Branches in:
Baltimore Buffalo Cleveland Indianapolis Philadelphia Seattle
Boston Chicago Detroit Kansas City Pittsburgh Washington

Originators of the Unit Method of "Work-Area" Heating



Workers Fair-minded-Thrifty 80% native white

ERIE offers the kind of workers you want. Alert, intelligent, steady-going men and women who live well and save money, 70% have savings accounts, 45% own homes.

Plenty

Labor turnover is no problem here. Local and nearby sources supply ample help—skilled and unskilled, shop and office. Disturbing elements are absent—employer-worker relations friendly, based on mutual respect of rights and interests.

Free Book of Basic Facts

This enviable labor situation is but one phase of Erie's 5-fold industrial opportunity. "5 Great Advantages" gives you the full facts. Send coupon for this 32-page book detailing rare competitive advantages Erie offers you. Or ask for confidential Industrial Board survey applying these to your specific problems.

ERIE PENNSYLVANIA

*City of 5 great
advantages*



ERIE CHAMBER OF COMMERCE
Erie, Penna.

Please send a copy of your booklet
"5 Great Advantages."

Name _____ Date _____

Firm _____

Address _____

N.B.-12-1-27

class letters. Third-class circular mail and catalogs are in turn necessary to follow up the newspaper and magazine advertising, and these again produce orders and inquiries—more first-class letters. Finally the orders are filled, and this calls into use parcel post and other merchandise carriers as well as additional first-class service, money orders, C. O. D., etc. The importance of the interdependence of all these cannot be overlooked in considering the effects of postal rates.

The present rate on third-class mail was made without regard to the possibility of increasing the use of the facilities and thereby decreasing unit cost, nor was it made with much regard to the kind of service rendered. Between 1923 and 1926, or since the new rate of 1½ cents went into effect, such mail not only has failed to show the usual yearly gain which the post office expects from all mail but has, in fact, fallen short of this by at least 20 per cent. Most of this has been lost to the mails altogether, for an examination of first class fails to show sufficient gain over the normal to account for but a small fraction of it.

When is a catalog not a catalog? The answer is complicated and harassed catalog users had a hard time finding it. Before the hastily constructed rate increases of 1925, a catalog took the same rate as a book. In 1925 the rate on catalogs was advanced by 50 per cent. This proved prohibitive to many, and they looked around for a way out. They found that if a catalog had 24 or more pages and weighed less than 8 ounces it was classed as a book and took the old rate. If it weighed more than 8 ounces, it went under parcel post rates which with the 2-cent service charge were also often prohibitive. This may explain why the attractive 16-page seed catalog that you used to receive when preparing for your annual gardening foray is now a 24-page folder reduced in size, but increased in number of pages. This breaking down of established trade usages caused considerable confusion and expense to distributors in making changes.

Many senders of third-class mail matter

save the post office much expense by precanceling, presorting, bundling, and delivering to railway mail terminals. This is done in much the same fashion as periodicals are handled. Such factors should be considered in making rates.

Fourth-class mail or parcel post is a purely commercial service for which the Postmaster General may make rates with the approval of the Interstate Commerce Commission. Congress may also legislate on these rates. When the \$68,000,000 salary boost of 1924 was put into effect, Congress increased parcel post rates by a flat rate of 2 cents. In 1923 the deficit on parcel post was just under \$7,000,000, and with the normal growth of the business this would have been wiped out in three or four years. Comparing the actual volume of this mail with what it would have been under the normal rate of increase shows a falling off of 4 per cent.

Magazines Driven Out of Mails

MANY stores that formerly used parcel post for delivery in their trade area are now using other means. This situation is somewhat similar to that of many magazines which, when the postal rates became too burdensome, found other means of distribution. This aspect of the 2-cent service charge is particularly evident in its application to large mailings of catalogs which are presorted and handled under practically all the favorable conditions which attend the handling of magazines.

In considering the postal situation I have tried to point out the various places where there has been a failure to apply the principles that have been applied so successfully to American business, and are absolutely essential to successful business; namely, securing the benefits of lower costs through the development of a large volume of business and thereby fully utilizing post office facilities.

In the postal service, which is designed to afford the freest possible communication among the people of this country, this principle, instead of being disregarded, could be applied with telling force.

"I Give and Bequeath"

BY KENNETH F. RICHARDS

ACCORDING to Superior Court Judge Frank H. Dunne, of San Francisco, no freak will has ever been offered through a bank or trust company in his recollection. Judge Dunne has passed upon hundreds of wills and decries the perversity of human nature that causes people to write their own wills in total ignorance of the statutes or through attorneys whose carelessness in drawing up such important documents results in litigation. Judge Dunne further states that nothing, in his opinion, indicates character so plainly as the last testaments left for courts to pass upon. They reflect every human emotion—love, greed, hatred, jealousy, compassion.

IN THE will of a man who recently died in a small Pennsylvania town there was a provision that his daughter was to have only five hundred dollars from an

estimated estate of two millions unless she left her husband! The will was broken, the judge ruling that "the law will not sanction any testamentary provision which is intended to bring about a separation between husband and wife."

We find innumerable examples of what can be aptly termed "freak wills." What strange perversity will cause otherwise shrewd people to leave last testaments of a nature that courts and attorneys must wrestle endlessly in an effort to untangle the mess? Why put the making of such an important document into the hands of those who are careless? Why try to draw up your own will except in the ease of emergency? Ask me another.

A western automobile dealer died leaving quite a few thousand dollars to his

aged and crippled mother. His intent was very commendable, but when the will was offered for probate it was discovered that the only witnesses were "God" and "Jesus Christ." The court, while willing to admit their integrity was unassailable, had no recourse under the law save to award the estate to relatives who had been cut off owing to their extravagant habits.

Another western individual, apparently endowed with a faulty memory, despite his ability to amass quite a sizable estate, left a beautiful sample of misplaced humor. The will disposed of the money and property to various relatives and friends in a manner satisfactory to all concerned and then wound up in the final clause with: "One dollar to each and every woman who shall cause to be established that she was my wife at the time of my death." H'm, Watson, just what do you deduce from that?

A small Illinois municipality, struggling with a heavy tax burden, was left fifty thousand dollars in the will of a citizen; all they had to do in order to get the money was to burn a cord of wood in the back yard of the deceased's home. They emphatically refused. It was not owing to their desire to conserve fuel, but he had casually requested that his body must be on top of the burning wood.

Americans Always Hurry

FOURTEEN men awaited execution in the condemned cells of an eastern penitentiary. One man was in a hurry and hanged himself. He, too, left a will. He requested that the eight dollars comprising his estate, and which was in the warden's care, be used to set up a special dinner for the thirteen. His wish was complied with; nobody ever contested that document.

There is a sickening lack of details in important news dispatches such as the following: "An Arizona man just inherited six thousand dollars from a man that he taught to play the trombone." Not one word whether this was intended in a spirit of gratitude or revenge. Ah, and where are our prophetic scientists in the following will offered recently for probate: "A newly married couple are remembered in the will of the bride's father; if the first child is a boy he inherits ten thousand dollars, but if it's a girl she gets five thousand." Readers can furnish their own comments.

The gravely dignified London courts unwound miles of red tape in deciding when a will was a will or an egg. A sailor, dying at sea, wrote on an egg shell with an indelible pencil just four words: "Mag, everything I have." Mag finally won out. Not as fortunate were the heirs of a whaling captain who left quite a snug fortune. After listing all his possessions and specifying who was to get this, that or the other, he wrote at the bottom: "Try and get it." From authentic dispatches from the theater of war, the heirs are still "trying to get it."

Another old salt was the innocent cause of a staid probate judge being forced to act as an umpire in an amateur beauty contest. In the skipper's will he made a bequest of five thousand dollars to "that amiable Miss Brown who smiles so sweetly

TERRA COTTA

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Beautiful Night Effects



Pacific Telegraph & Telephone Building
San Francisco, California, Miller, Pflueger
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ENTIRELY in Terra Cotta from sidewalk to roof the appearance of this building at night is magnificent and inspiring. The unusual effectiveness of the illumination is due to the beautiful color and wonderful light reflecting properties of the Terra Cotta with which it is faced. Write for our booklet on "Building Floodlighting and Its Possibilities With Terra Cotta."

(On behalf of the Terra Cotta Industry in the U. S.)

IOWA—

BETWEEN the tranquil middle reaches of the blue Mississippi and the champagne-colored flood of the Missouri stretches a flowing prairieland that breaks frequently into high rolling hills crowned with groves of fruit and nut trees and drained by swift streams. Sparkling lakes dot its northern boundaries. In summer the air is scented with honeylocust and the fragrance of wild flowers. In winter the bright landscapes have the charm of rare old colored prints. Tilted warmly to the south, the extraordinarily deep, fertile, porous soil makes it one of the most wonderful agricultural regions in the world.

This is golden Iowa. An unequaled wealth-producing area where an almost perfect balance is maintained between industry and agriculture. A great region where virtually the entire land surface is rich tillable soil.

POPULATION: With a population of 2,500,000, there is only one city of over 100,000 inhabitants. There are 18 with over 10,000. Population is distributed with great evenness. The city here reaches its highest point of development—a compact industrial unit supported by the wealth of a rich soil. Typical are Des Moines, Dubuque, Cedar Rapids, Sioux City, Davenport, Council Bluffs, Ottumwa, Mason City, Boone, Clinton.

AGRICULTURE: The total annual value of farm crops is close to \$1,000,000,000! Iowa leads the Nation in the production of corn. More than doubles the hog production of any other state. Stands second in the number of beef cattle. Third in dairy cattle. First in value of poultry and eggs. Of Iowa's 210,000 farms, more than 123,000 are operated directly by owners or managers; their average full value is estimated at more than \$35,000!

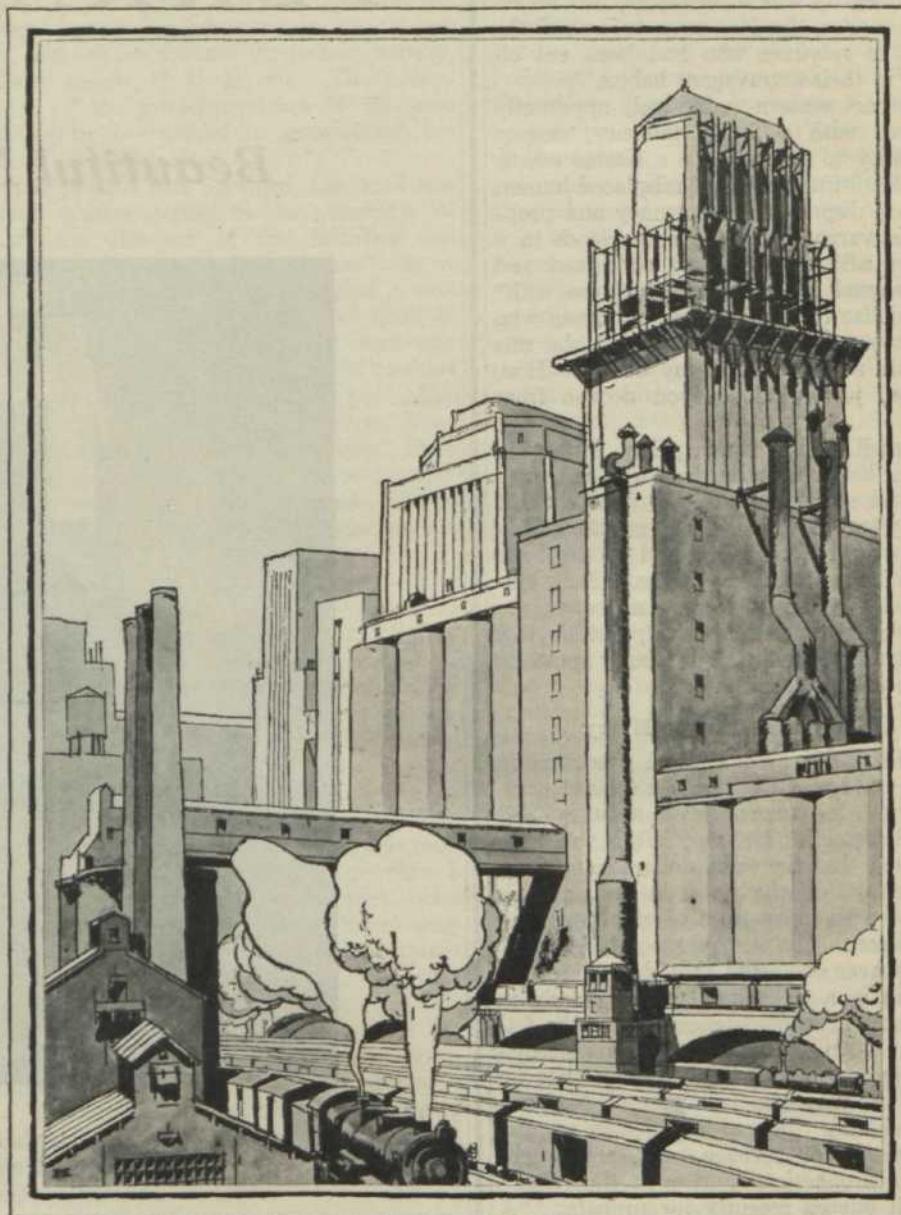
INDUSTRIAL: Industrial development has gained with significant suddenness in the last ten years. This has taken the form of a great variety of manufactures, employing local materials. According to the 1920 census, Iowa's factory output was already \$745,000,000 annually; it has increased considerably since then.

POWER: Great hydroelectric resources are available in the tremendous flow of the rivers that bound Iowa. Keokuk Dam, the largest river water-power project in America, is typical of what may be done. In addition, coal fields extend through 23 counties, already producing 9,000,000 tons annually.

TRANSPORTATION: No other state is so well served by railways. It is claimed there is a railroad within ten miles of every farm in the state. Three trunk lines of The Milwaukee Road serve Iowa, giving it outlets north, east, south and west.

The height of civilization

Located in the strategic center of a prosperous and peaceful nation, Iowa has attained close to the ideal of civilization as a commonwealth. With industry and agriculture about balanced, its population evenly distributed, and small, live metropolises as regional centers, it is in addition distinguished for the number and excellence of its educational institutions, its high standards of living, and the health, stamina and beauty of its rising generation.



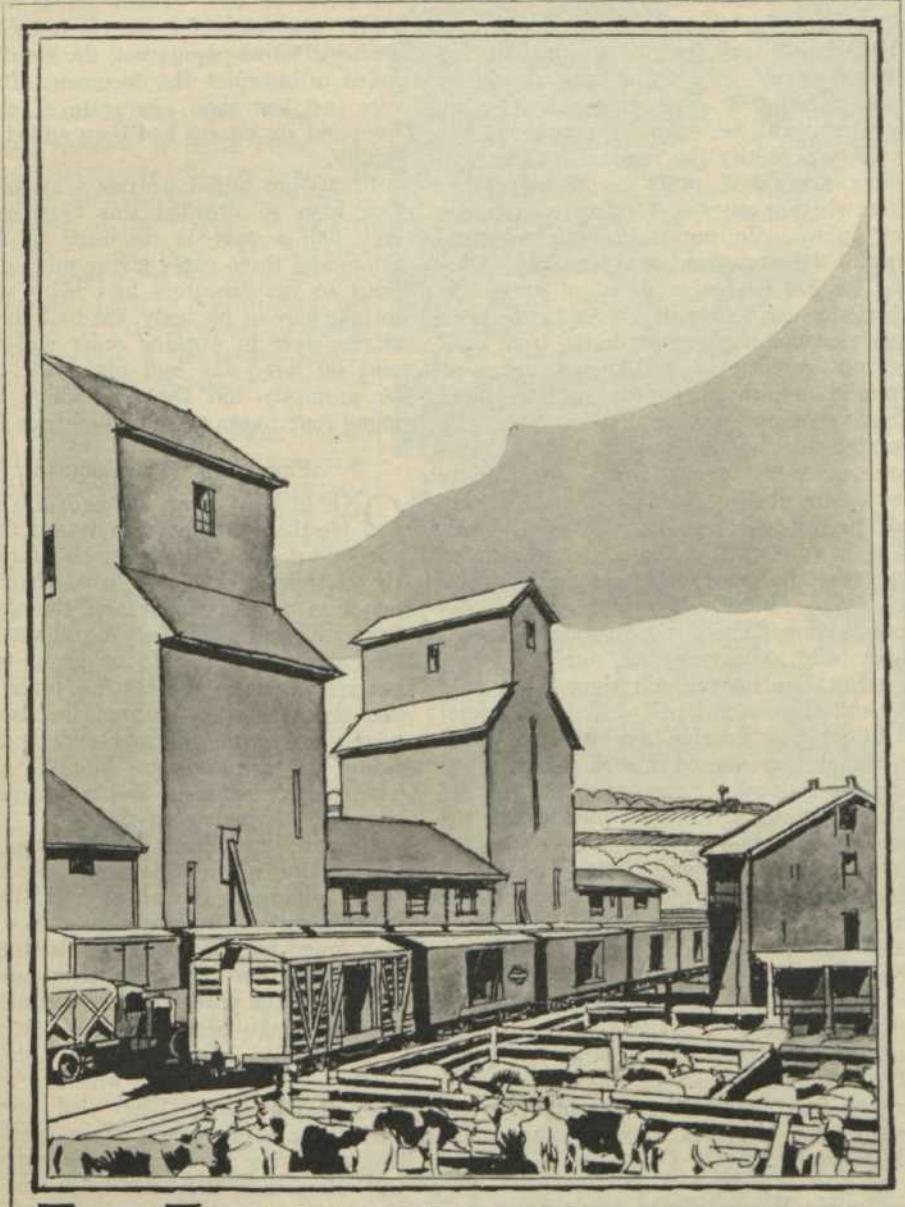
SHORTEST AND MOST MODERN
ROUTE TO THE
PACIFIC AND THE ORIENT

The



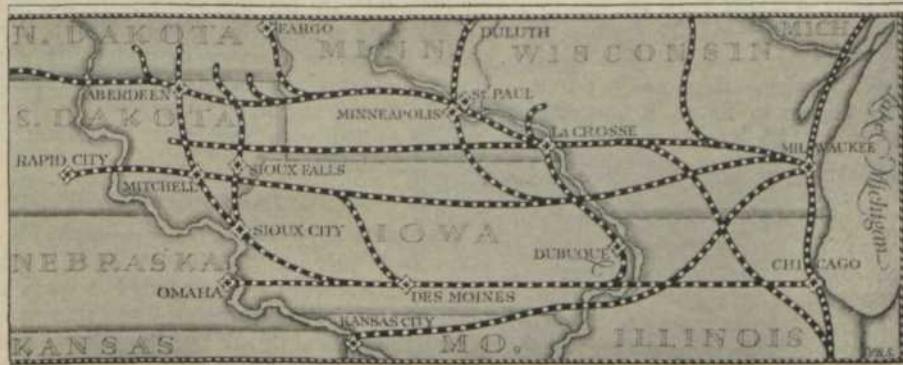
The recognized route between Chicago, Milwaukee and Twin Cities,

the Golden Corn State



MILWAUKEE

ROAD



Kansas City, Omaha, Des Moines, Sioux City, Butte, Spokane, Seattle, Tacoma

A farmers' railroad

To co-operation between farmer and railroad must go credit for the marvelous development of Iowa. Neither could exist long without the assistance of the other. Most typical symbol of Iowa's growth is the small country grain elevator standing high beside the tracks at a wayside station. The overwhelming bulk of this region's produce flows to market over the rails; and the tools of production and the necessities and luxuries of life come flowing back.

The Chicago, Milwaukee & St. Paul Railway serves Iowa with three trunk lines and a network of branch lines. It extends the same character of service over all the northwestern block of the United States from the middle reaches of the Mississippi to the Pacific.

The Milwaukee Road is 11,000 miles long, employing 60,000 men. It reaches from Chicago to Kansas City, Omaha, Des Moines, Sioux City; to Milwaukee and the upper Michigan Peninsula; to Minneapolis and St. Paul and Duluth; westward to the Black Hills; and to Butte, Spokane, Seattle, Tacoma, Olympic Peninsula and the Pacific.

To the Coast

A master stroke of railroad engineering was achieved with the extension of the line to the Coast in 1911. For 660 miles over four great mountain ranges—Belt, Bitter Root, Rocky, Cascade, to shipside—it is electrified. The hydroelectric power is generated chiefly in Montana. The latest development in this most modern railroad is the adoption of roller bearings on passenger cars.

The Milwaukee Road is the short line to the Coast. Scenery of extraordinary grandeur alternates with the beauty of richly cultivated plains and valleys. The world-famous *Olympian* and the *Columbian* will take you in restful luxury.



Chicago, Milwaukee & St. Paul Railway
Room 884, Union Station, Chicago, Ill.

Make a check before the region that interests you. We have the closest co-operation with Chambers of Commerce and other business organizations who will supply you with detailed information.

<input type="checkbox"/> Puget Sound	<input type="checkbox"/> Eastern Dakotas
<input type="checkbox"/> Inland Empire	<input type="checkbox"/> Omaha—The Western Gate
<input type="checkbox"/> Industrial Montana	<input type="checkbox"/> Minneapolis-St. Paul
<input type="checkbox"/> Kansas City	<input type="checkbox"/> Wisconsin
<input type="checkbox"/> Agricultural Montana	<input type="checkbox"/> Iowa
	<input type="checkbox"/> Upper Missouri R. Valley

Name _____

Street _____

City _____

5-M



Men of Vision! Look to this New Industrial Area

OPPORTUNITY! To every man, at some stage of his career comes the big chance—the opportunity to engage in business for himself under favorable circumstances.

To every manufacturer, likewise, comes the opportunity to broaden out—to capture new markets—to forestall competition!

Middle Georgia presents such opportunities. Within the last few years the South's buying power has trebled. In this new-found industrial area manufacturing has increased 30.5 per cent. For the first eight months of 1927 Middle Georgia exceeded national averages in plant output, employment and retail business.

Why this condition?

Why opportunity here?

For the answer—and for information regarding manufacturing possibilities in specific lines, address:

CHAMBER OF COMMERCE
Macon, Georgia

**MIDDLE
GEORGIA**

Industrial Area

—Where Production Savings Alone
Will Pay Plant Dividends!

when we meet." Now it happened that there were six Miss Browns, all sisters and all amiable. Not one of the half dozen could satisfy the diplomatic jurist that she qualified, so the estate went to charity.

A well-known short-story writer says in a recent article that the dead should keep their hands off the living and that a promise made to a dying man should be broken as lightly as it is made. This assertion might be open to argument, but some wills justify the remark. A Pennsylvania man's will prohibits his son-in-law from sharing any benefits from the money left to his wife, nor is the wife to spend any of the money on an automobile. During his life he had a dread of autos. Is that any excuse for depriving his heirs of any pleasure they might derive from one?

Only recently a well-known man, extremely wealthy, went to a New York trust company to arrange a will. He wanted his son to have a stated allowance until his twenty-fourth year, and to leave him absolutely without income from his twenty-fourth to his thirty-fifth year. The trust company hesitated and pointed out that the experiment was as dangerous as it was radical. The father was obdurate, saying, "The boy is in college; he has been wild. Leaving him for ten years without any income will show what kind of stuff there is in him."

Could you imagine any bank or trust company, experienced in such things, allowing the following clause to be in a will? This went through several courts: "To my grand-daughter I give and bequeath the sum of five thousand dollars absolutely and direct the sum of fifty dollars each month to be paid her until she shall in this way receive five thousand dollars." Now the thing to figure out is—did he want her to have just five thousand dollars, or that sum and fifty dollars a month until she had been paid another like sum? The lower court said she was entitled only to the first amount, but the higher court ruled that she was to get both sums. Quite simple.

He Needed Twin Insurance

HERE is one for Sam Lloyd. The following is an actual extract from the will of an immensely wealthy manufacturer who died about one month before the stork was due at his home. His will stated that if the expected child was a boy it should inherit all the estate save the sum set aside for the wife; if it was a girl she was to get one-half the estate and the balance to be divided among relatives. The mother gave birth to twins. Here was a puzzle. Anybody liking to figure it out might take a day off. Oh, yes, it may be well to add that the twins consisted of—a boy and a girl.

The will of one young man contained several unique provisions. Quite a sum was left to the public library; another bequest provided for the upkeep of a park, and his executors were requested to have erected a "Mausoleum over his grave surrounded by a life-size marble statue of unsurpassed beauty and grace of a nude or semi-nude young woman." Oh, keep your shirt on, Prude; he also specified that his body be turned over to the medical de-

partment of a university for scientific purposes.

An eccentric spinster—according to the tabloids all spinsters are eccentric—left ten thousand dollars for the care of eight cats, no more, no less. Inasmuch as no provision was made for any increase or decrease of feline population, the courts were asked to interpret the document after two cats had lost their aggregate of eighteen lives and six kittens had been added to the family.

Premature burial worries a lot of folks. One man so dreaded this that he used only half a page in disposing of a large estate and three pages giving minute directions to his executors and heirs on how to take care of his body, see that the vault alarms were in working order and watchmen on duty day and night, etc. Then he promptly hid the will where it was found four weeks after he had been buried.

Pauperism Run Rampant

ONE little Mexican village had a squabble that threatened to assume the proportions of a riot. All because a beggar died. His clothing and his wretched shack were found to be hiding places of thousands of dollars in gold and bills. A will was found directing the money to be given to "the poorest person in the city." Never before had the authorities realized the extent of pauperism in their town; everybody was ready to acknowledge himself eligible. The courts, unable to decide the question, awarded the money to the city.

Humor, intentional or otherwise, often creeps into wills. One man left his son "five dollars and the whole world to make a living in." Not long ago a New York man found himself cut off in his wife's will because he had failed to clean up some rubbish in the yard. In the document she expressly gave her reason for the action. A Kentuckian left his wife one dollar to buy a handkerchief with which to dry her tears at his death. They had been separated for some years. One New Englander, fearing to cut his wife out of the will altogether, left her just one cent. Here's hoping she spent it in erecting a suitable tombstone.

It took years to arrive at a settlement of the estate of a German living in a city noted for its good beer. He was accustomed to convivial gatherings with friends, and he desired that after his death these dinners with their liquors should not die out. In his last testament he provided quite a sum for these affairs; this was before the country went dry (?) and Mr. Volstead "did his stuff." Endless litigation ensued, and it was years before the courts finished with the estate's division among the heirs.

"The Petticoat Will"

AN AGED eccentric, previously known as just an "old bum," lay down in the charity ward of a hospital. For years he had been a town character, living in squalid surroundings, pitied by many and aided by some. Very few knew before his death that he was worth a half million in stocks, bonds and property. This huge estate was left in a will to two attorneys and several institutions. On his death-bed he ex-

perienced a change of heart and wished to make a new will. The nurses realized there was no time to get paper and ink, so his dying wishes were inscribed on the hem of a nurse's white skirt. All his vast fortune was to go to a great grand-niece. "The petticoat will," as it was termed, was bitterly fought in court, but the girl won out.

Patrimonies of Cats and Dogs

IN A great number of freak cases, animals and birds are the recipients of legacies. This may be all right in many cases, but think of the tragedy connected with this case: "A woman left twenty-five thousand dollars for the care and upkeep of her pet parrot. She wished her aged and destitute parents to act as executors; not one penny of the money was to be used for anything except the parrot's requirements."

Another lady left five thousand dollars in the care of a friend, acting as executor, and the interest on the money was for the upkeep of her dog. Nothing was said about the disposal of the estate should the dog die, and since Fido was eventually called to his dog heaven the lady decided the money was hers. A contest ensued, however. Another lady had a son of the dog and claimed the interest on the money as being properly the dog's since he was a lineal heir in exactly the same status as if it were human beings. Two courts argued the matter and finally decided against the dog.

The man who makes his will through a bank or trust company may face eternity with no regrets for his action. Just as surely, just as immutably as the sun rises and sets, the terms of that will must be carried out.

English Check Tax

A STRONG demand has arisen in England for the abolition of the tax on cheques. Every cheque is required to carry a four-cent tax, which effectively prevents bank depositors from using cheques for small amounts.

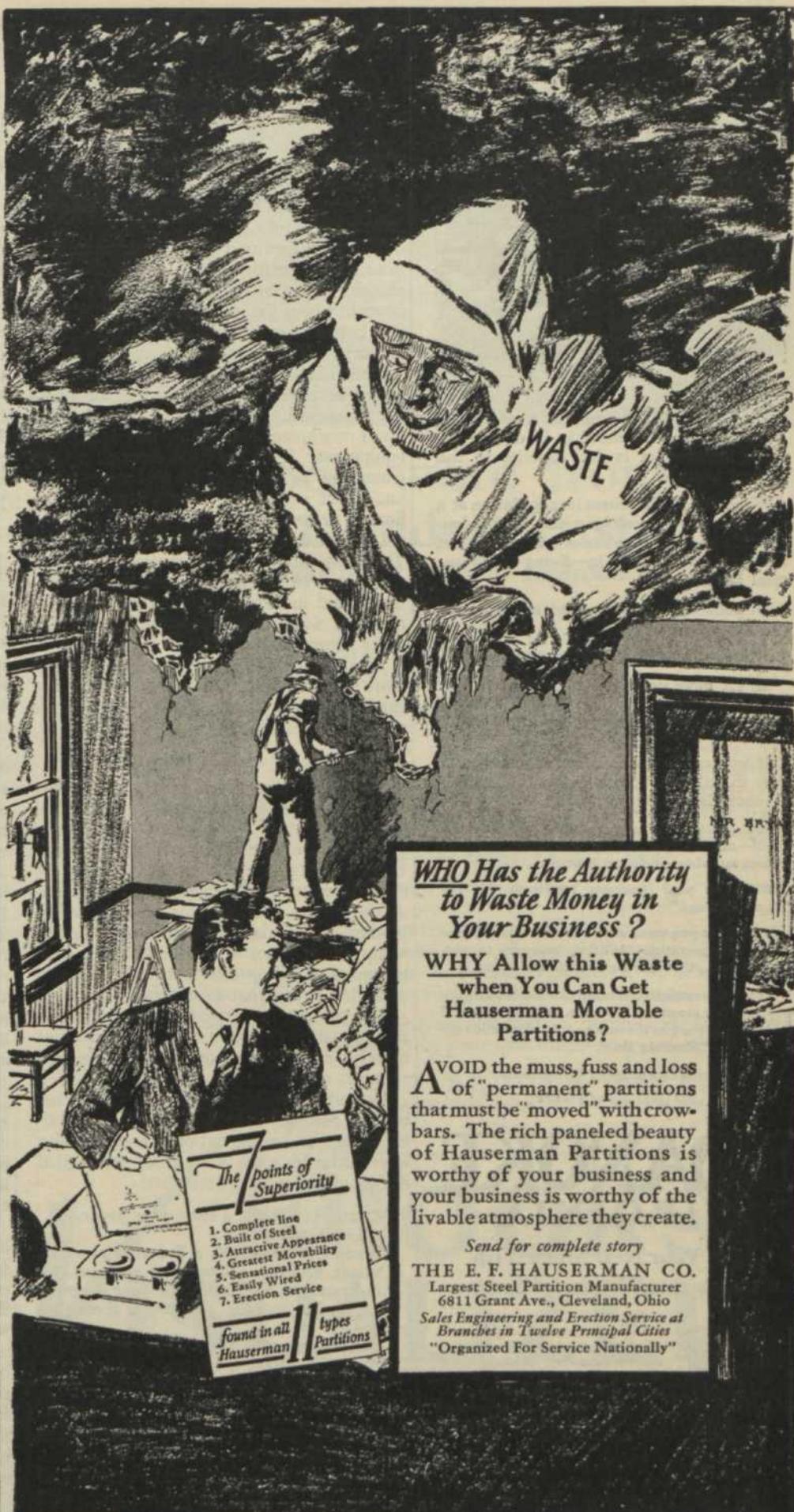
If anyone in Britain wishes to send fifty cents, for instance, the tax amounts to 8 per cent. Usually, such small payments are made by postal order, at a cost of 6 per cent. This is a heavy tribute levied on small payments.

Recently, a British bank, the Midland, made a daring attempt to enable its depositors to escape this tax. It issued receipts for sums less than \$10. These receipts were nicknamed "chequelets" and they were very popular for a few weeks. Then the Government issued an edict against them.

There was a test case in the courts and the Government won. "These chequelets," said Mr. Churchill, the Chancellor of the Exchequer, "would cost the Government \$2,500,000 a year. They must be stopped."

Probably two-thirds of the British people make little or no use of cheques, partly because of this four-cent tax.

It seems evident that the use of cheques should be encouraged, not taxed. Cheques have been in use in England ever since 1675. They have now become universal in all civilized countries.



***WHO Has the Authority
to Waste Money in
Your Business?***

**WHY Allow this Waste
when You Can Get
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Partitions?**

AVOID the muss, fuss and loss of "permanent" partitions that must be "moved" with crowbars. The rich paneled beauty of Hauserman Partitions is worthy of your business and your business is worthy of the livable atmosphere they create.

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THE E. F. HAUSERMAN CO.
Largest Steel Partition Manufacturer
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Sales Engineering and Erection Service at
Branches in Twelve Principal Cities
"Organized For Service Nationally"

HAUSERMAN

MOVABLE STEEL PARTITIONS

How Roanoke's Amazing Growth May Affect Your Business—



1882



1927

IF A BUSINESS increases at a rate that is positively phenomenal it is usually because its product is far superior to the general average.

When a CITY increases its population at a phenomenal rate—without the aid of boom conditions—it is because of a superiority of the "products" it deals in—living and industrial advantages.

In 1882 Roanoke, Va., had a population of only 400.

Two years later this had increased to 5000.

In six more years it had become 16,000.

In 1927 Roanoke has a community population of 80,000.

If you contemplate a new factory or a new distribution plant—find out WHY Roanoke has grown so rapidly.

Find out why the largest plant of its kind in the world—making a product that can be manufactured almost anywhere—selected Roanoke.

Write on your business stationery for the "Roanoke Brief."

It will give you some data on labor costs, power costs, transportation facilities, nearness to rich markets, etc., that may be a revelation to you.

At least, investigate. When a city has shown such a remarkable growth as Roanoke, your data file will be incomplete unless it contains the information set forth in the "Roanoke Brief."

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The Roanoke section offers more varied scenery to the mile than any other section of the country. Cloudland effects, beautiful valleys, rich farms and orchards, mountain torrents, broad rivers, wonderful caverns, all meet your view. You'll be entertained royally at the excellent hotels in this region.

We've planned a delightful route for you in the booklet "The Log of the Motorist Through the Valley of Virginia and the Shenandoah." Write for it today.

CHAMBER OF COMMERCE
ROANOKE, VIRGINIA

As the City Grows Industrially

BY ROLAND B. WOODWARD

General Secretary, Chamber of Commerce, Rochester, N. Y.

THE CONDITIONS of industrial life are rapidly changing. Fundamental things are happening, over which we have no control.

The manufactured output per man, per hour, has greatly increased since 1920, thereby increased production has been brought about through better worker-training, better organization, and improved machinery. Total value of manufactured products has increased with little or no increase in plant, plant equipment or number employed. Or the same output, with fewer workmen, less plant, and less plant equipment. This has been done at a time when, due to the war, we had more plant and plant equipment than we needed for normal demands.

Consolidation is going on at a rapid rate. This may be wise or otherwise. But it is going on. In the process, plants are abandoned and industries lost to their old communities without a corresponding gain to other communities.

Large industries are becoming more and more self-sufficient, and thus killing off the small concerns that supplied them with parts.

The Interest in Industries

OUT OF this great industrial change comes the acute interest in industrial development, fed by extraordinary publicity, and an awakened interest in increased volume of trade. The important thing for each community is to analyze its own condition, adjust itself to this unusual public interest and fundamental, industrial change, so far as it applies to itself, and adopt such measures as will preserve what it has, and add what it can that is sound economically.

The present movement is primarily carried on with three outstanding instruments; namely, community advertising, industrial surveys, and industrial bureaus.

Donald Jones, in an article in "Advertising and Selling," May 4, 1927, gives a tabulation of the appropriation for community advertising by some 30 cities of the United States. This is the partial list:

Atlanta, \$1,000,000, a three-year program.
St. Louis, \$1,000,000.
Kansas City, \$800,000, a five-year program.
Detroit, \$500,000, a three-year program.
San Francisco, \$400,000, a one-year program.
Norfolk-Portsmouth, \$300,000, a three-year program.
Chattanooga, \$250,000, a five-year program.
Orlando, \$130,000, a one-year program.
Lakeland, \$116,000, a one-year program.
Miami, \$100,000, a one-year program.

It is estimated that United States cities spend at least \$7,000,000 to \$8,000,000 annually for such community advertising, and vast sums in addition are spent by city and state governments and by railroads and other utilities. Besides, there is the New England Council, the Missouri Association, Believers in Jacksonville, California, Inc., and many other regional organizations active with advertising funds to defend what

they have industrially and get what they can from others.

In addition to community advertising on a grand scale, cities of the United States are spending large sums on "Surveys," for the purpose of analyzing their advantages as against competing cities, to learn what class of industries they should seek to obtain, data and arguments with which to induce industries to locate within their borders, and by the same token to prove to their own weak sister industries that for location they are best off where they are. In fact, community advertising is a comparatively small part of the great community contest for industries, pay-rolls and population.

What Is the Best Benefit?

IT IS not a question as to whether the cities get returns for their money and effort, but whether the same money and effort otherwise directed would not give better results. Because moneys spent for any civic betterment, backed by enthusiasm, cannot help but benefit, the question always is whether the benefits are adequate.

I have found it difficult to get any reasonable reports on the tangible results obtained from the establishment of large-scale industrial bureaus, surveys and community advertising. The answers are vague, expensive, large, full of enthusiasm generally, but not with facts. I know that Atlanta, Ga., after having, with a \$250,000 fund, stirred its citizens with civic pride and changed the tone of the community from one of lethargy to a spirit of burning enthusiasm, and having attracted to Atlanta, thereby, important distributing agencies and some industries, and having at the same time somewhat increased pay-rolls and population, has made a second appropriation of \$1,000,000. I know that St. Louis profited by her national advertising and also by labor disputes and industrial conditions in New England, added to her industries, added to her pay-rolls, and I hear that her industries have not only increased in numbers but have expanded.

I know that Baltimore, under splendid organization and leadership, has raised sums of money and has invested them pretty wisely, bringing new industries to the city, assisting old industries needing advice or assistance. The name of Baltimore is not on the list of national advertisers, but it has had its survey, and its two bureaus—one the Chamber's, designed to inform and give counsel and advice, the other to assist promising industries financially—have done and are doing an excellent bit of work.

I know that Buffalo, which is not a national advertiser and has made no city-wide survey, has been getting, through its industrial bureau and its sound transportation advantages, at least its fair share of new industries.

Detroit has advertised and has raised a

new and larger fund for advertising purposes, but I find myself unable to judge to what extent national advertising aided Detroit.

Some smaller cities having jazzed their business men to peaks of enthusiasm for new industries, having raised large funds for new industries and having gone after adjacent industries regardless of the sort of locality the industries needed, if they would survive, are seemingly in a worse state than they were before.

Here is a statement given to the Chamber of Commerce of the United States by the city of Lincoln, Nebr. (50,000 population):

"Our people have wasted between two and three million dollars in bonuses, and it is a sad commentary to record that not a single industry bonused in any way, either by the donation of free sites, tax exemption, selling of stock, or otherwise, is in existence here today. Everyone of them failed. We not only lost our money, but a much worse result was the black eye that it gave the city for its commercial failures and the adverse effect upon the people of the city in the consideration of subsequent new projects. Their minds always went back immediately to the failure of this or that plant, and if any one thing has retarded the industrial development of Lincoln and other localities who have had the same sad experience, it is directly chargeable to their activities in favor of the bonus proposition."

One of the troubles of a city of the size of Lincoln, not located in an industrial region, is that it is too likely to offer its opportunities and give its assistance to members of what seems to be a ring of industries whose officials, at least, eke out a living by moving from city to city, accepting \$50,000 here and \$20,000 there, remaining in one location only so long as the money lasts, and then moving on to the next city, with "inducements" to offer industries willing to leave another city and locate in the present small but future industrial metropolis. There seems to be a "sucker" city born every day.

What Constitutes an "Industry"?

NOT ALL the claims made by cities, of new industries they have obtained, convince one who analyzes them. I got deep enough into one list to learn to my astonishment that the starting of new barber shops and stores of like size were included, side by side, with more or less legitimate industrial enterprises. Perhaps a barber shop is an industry, but it is not dreamed of as such by those putting up the money to make the city larger and better, to bring in population, to add pay-rolls.

I believe the New Industries Bureau has been an asset to every city which has organized and conducted one on a business basis. It does bring new industries and, incidentally, it does stimulate, as a by-product, the industries already established. Whether it makes a survey or not, it induces every citizen to take a more intelligent view of his city's advantages. He gets new pride in his town, and knows better why he should be proud of it. It freshens a city; it renews its youth; it gives it vigor, ambition and "go."



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Register and Index
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Always on the lookout for new ideas, this pioneer among American railways was one of the earliest in recognizing the labor-saving advantages of Brooks Visualizers.

In the picture above you see these portable, loose-leaf, visibly indexed units in use in the office of the Auditor of Disbursements, Mr. G. H. Pryor. The saving effected (see paragraph at left) is in part due to the speed of entry—over a thousand postings having been made by a single clerk in one day, although each posting involves nine entries or operations.

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FLEX-SITE
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What the World of Finance Talks Of

THE STOCK ticker has a fatal hold on the imagination of

business men. Irrespective of soothing comment concerning "corrective reactions," men of commerce are less likely to be jubilant when the ticker is droning out net losses than when recording advances.

Seasoned observers have come to have unshaken respect for the candor of the ticker. When there is a disparity between the optimistic public statements of financiers and the testimony of the mechanical ticker, many are inclined to believe the latter. Apart from manipulation intended to deceive the superficial tape reader, there is a note of reality in the net effect of confidential orders to their brokers of a nation of buyers and sellers.

"If the happenings of the exchanges affected only the speculators themselves," observed Albert W. Atwood, in meditating on this subject, "they would deserve little consideration. Whether these markets act as barometers because of the superiority of the speculative vision in anticipating future conditions or because of the hypnotic, psychological influence of the stock market upon industry in general, it is hard to say. Probably the former is nearer to truth, because the collective opinion of minds trained to correlate economic phenomena is exceptionally acute and well informed."

THE years of Coolidge prosperity have constituted a period of adversity for the forecasting agencies, which have had a sub-normal batting average. Stabilized prosperity brought new elements into the situation which the soothsayers did not adequately weigh. Even the imperfect ticker has been a more trustworthy guide.

The general upward trend of security prices during the last five years has been essentially accurate. However, intermediate movements have been somewhat misleading. The panicky setback in prices in February and March, 1926, was a breakdown in speculation rather than a forecast of future business conditions. In spite of a short term spring recession, business volume and business profits in 1926 actually set new high records. Before the end of the year industrial stock prices equalled the mid-winter peak and railroad shares exceeded it.

The recent mid-autumn decline of the average of seventy representative industrial shares has, up to this writing, proceeded with more orderliness to the extent of a little more than half as many points as in March, 1926. In March, 1926, the average price of thirty railroad shares declined only half as much as industrials, whereas in the recent break rails toppled a shade more than industrials and therefore exceeded their downward movement in March of last year. On the other hand, the average price of railroad stocks is still about 27½ points above the 1926 low level. The mean price of seventy industrials after the recent setback was also about 27½ points above the 1926 trough.

By MERRYLE STANLEY RUKEYSER

The rail averages reached the post-war peak about October 1 last and by the end of the month had receded to the level attained last May, offsetting the subsequent advances. On the other hand, at the end of October, industrial prices were seven points above the May (1927) averages and stood precisely where they had been early in August. Even after the October reaction, the average price of industrial stocks stood 15 points higher than at the peak in any previous year, and rails about thirteen points higher. The average price of railroad stocks was still 100 per cent above the 1922 low level, and that of industrials 133 per cent above the 1922 minimum.

These statistical symbols help to give a better perspective concerning the recent reaction. Any substantial shakeout seems devastating to the last layer of margin traders who accepted still higher prices as normal, and yet in fact the recent reaction up to this writing has only blown away superficial fluff from the price structure. Thus far, there has been no evidence that the decline has been any more than an intermediate corrective movement—a temporary breakdown of the speculative mechanism. It need not be interpreted as a foreboding of evil in the realm of commerce.

As a matter of fact, under the stimulus of easy money, speculators had tried during most of the year to divorce speculation from business. Every competent observer recognized that there was no logical relation between the extravagant bidding up of stock prices and current business profits. Traders were buying stocks irrespective of intrinsic value merely because they hoped that other speculators would take them from their hands at still higher prices. Eventually skepticism developed, and the pyramiding of prices suddenly ceased. Then there was a rush to get out.

In spite of spotty trade conditions, many observers believe that aggregate business profits for the whole of 1927 will compare favorably with every year except 1926. Some careful statisticians estimate that they will fall about one-seventh below the record 1926 figure. The publication of disappointing third-quarter earnings for some industries synchronized with the liquidating movement in the stock market.

Mid-autumn is frequently a seasonable period for reactions, for at that time business expands and tends to draw funds from speculative channels.

During the fall, manufacturing industries have been operating at computed normal, which is satisfactory except when compared with last year's supernormal activity.

THOSE who lament the unfavorable comparisons with a year ago ascribe the recession primarily to the weather man and to Henry Ford. Astronomically, the country has been confronted with a cool, rainy summer and a dry, mild autumn. The absence of the Ford Motor Company from

active competition since early summer makes an appreciable difference in

the total volume of business done, particularly since perhaps 500,000 individuals have been deferring purchases until such time as the sage of Dearborn returns to mass production. Until recent years, the Ford Motor Company constituted one-half the automobile industry.

It is my own belief that Ford will never come back to the extent of becoming once more 50 per cent of the entire industry. In the future, Mr. Ford will face stiffer and more resourceful competition in the low-priced field than in the past. If Mr. Ford's new model comes up to expectations, it will unquestionably sell in enormous volume at home and abroad, but at best he seems destined in the future to be a minority factor in the industry.

General Motors alone produces more than one car out of three at present, and, in spite of the public statements concerning friendship and admiration for Mr. Ford, it has no intention of voluntarily abdicating its new position. At a recent dinner of the American Statistical Association, one weigher of probabilities bet even money that the Chevrolet Division of General Motors Corporation would sell at least 75 per cent as many units in 1928 as in 1927.

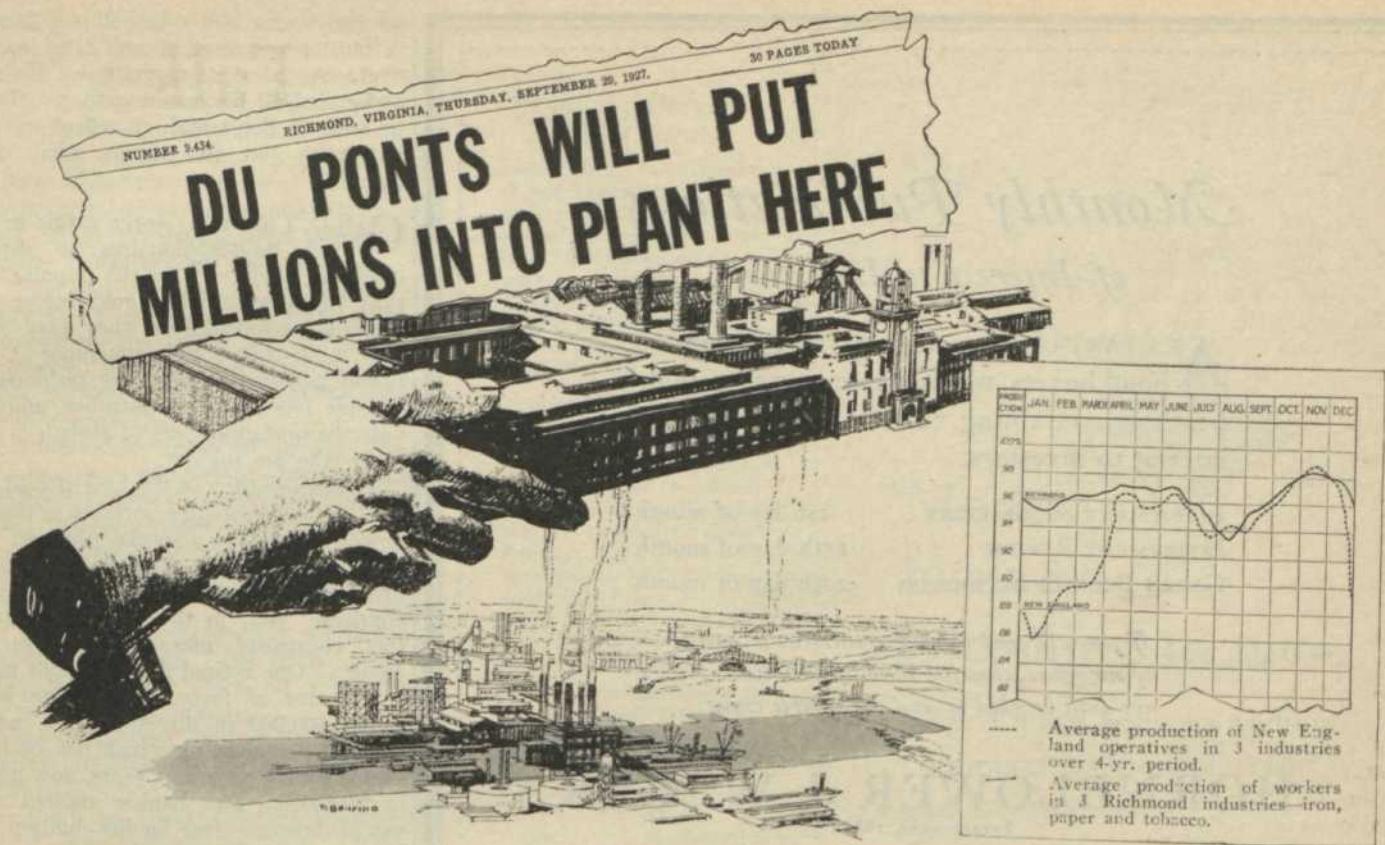
OBVIOUSLY, America is a land of hyperbole. Visitors have the tallest buildings in the world, the richest corporations, the longest subways, and countless other maxima flaunted at them. Julius Hirsch, of Berlin, former Minister of Industry, has been observing conditions in this country. Not wishing his country to be completely eclipsed, he asserted in an address that the German inflation, culminating in 1923, represented the biggest inflation in the history of the world.

E. W. KEMMERER, of Princeton University, who has been aptly described as the world's most eminent monetary pathologist, recently returned from South America. He has placed the currency systems of more than a dozen countries on a sound basis. Weaker countries are coming to recognize that only two steps are needed to emerge from financial chaos: first, get a gold supply, and then retain Professor Kemmerer to explain how to use it.

Incidentally, Dr. Kemmerer does not share the widespread uncertainty as to the future of the world's gold supply. He frankly says that he does not feel that it is at all probable that there will be any stoppage in the present rate of increase in gold production. New and more intensive methods are extracting precious metals from cavities that heretofore were deemed inaccessible.

Dr. Kemmerer illustrated his optimism with the story of his observations in South Africa.

The currency doctor saw a wagon, laden with ostrich eggs, draw up. One egg slipped



Another Great Industry for America's Valley of the Ruhr

Fifty years ago the man who wanted to manufacture cotton socks or cane-bottom chairs started his factory wherever he happened to live. The boundless wealth of this new land left industry few problems to solve. Success was dependent only on individual initiative and ability.

In the old world centuries of competition had developed natural industrial areas, with sharply defined boundaries. The most famous of these was the RUHR BASIN, where Germany's admitted industrial supremacy had reached its finest expression.

Competition is concentrating American industry into the areas best adapted to its success. Proper location is recognized as a matter of vital importance. It is significant that the two largest industrial plants located in this country during 1927 came to the James River Basin, destined by nature to become AMERICA'S VALLEY OF THE RUHR. These industries

were the Allied Chemical & Dye Corporation and the Du Pont Rayon Company.

The two fundamentals to be considered in plant location are economy of production and distribution. The most careful surveys are convincing engineers of the great corporations that Richmond has the finest combination of low production cost and low distribution cost to be found on this continent.

The report made for the Du Pont Company reduced to dollars the cost of operation here in comparison with competitive cities. We will gladly make such a study of your problem, without obligating you in any way, and with the pledge that your inquiry will be held in the strictest confidence.

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INVESTMENT REVIEW	15th day of month
GREEN BOOK OF SECURITIES	20th day of month

If you will send this advertisement to any of our offices, checking the issues you desire, we shall be glad to send you sample copies

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ESTABLISHED 1888

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Transfer at Tucson and take in the fun at Nogales—less than 2 hours, over fine highway or by Southern Pacific R.R. This is Arizona's real "oasis". Lots of clean sport and entertainment here! Hotels...cafes...hunting and fishing in scenic Sonora, Mexico. No red tape—border never closed.

Enjoy a good time in Nogales! You'll find climate, scenery, and a mighty good place to live.

NOGALES WONDERLAND CLUB, Inc., Nogales, Ariz.
Please send me free booklet 108!

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Detroit Bound You'll Always Hear "Rooms Are Larger at the Detroit-Leland"

When a new contribution appears to add comfort and vivacity, you hear of it in the smoking rooms of crack trains, in the salons of ocean greyhounds, and in the lounges of great hotels.

So, today, you hear—"Rooms are larger at the new Detroit-Leland—airier, more luxurious, and cuisine and service transcends perfection."

Accommodations for 1200

85% of rooms are priced from \$3.00 to \$5.00
LARGER SAMPLE ROOMS FROM \$4.00 TO \$8.00 PER DAY

DETROIT-LELAND HOTEL
Bagley at Cass, Detroit, Michigan

WM. J. CHITTENDEN, JR., Manager
Direction: Continental-Leland Corporation

off the wagon and rolled into a farmyard. A rooster perceived it and tried to roll it over, amazed at its magnitude. He crowed and called all his hens together. "Ladies," he said, "I don't wish to reflect on you in any way, but this shows what *can* be done."

GOLD, I am told, works magic in luring even multimillionaires to directors' meetings. Contrary to the popular notion that the twenty-dollar gold pieces represent only nominal fees, they play a large part in assuring a full attendance at corporation meetings. It is now fashionable to provide fees for every member, and to divide the unclaimed fees of absentees among those who are present.

The explanation of the lure of gold pieces for the payers of high surtaxes is that they devote the fees to a special purpose. Some give them to their children or grandchildren, and others devote them to their pet charities. And in the aggregate directors' fees constitute more than mere small change. One retired financier told me that as director of forty corporations he collected \$60,000 in directors' fees, and the fund, the interest on which has been reinvested over a period of years, now amounts to \$100,000. This banker created a fund out of directors' fees for his children.

MODERN merchandising ideas, applied to banking, have revolutionized the profession.

When Frank A. Vanderlip first went to the National City Bank in 1901, he discovered that the bank had never sent out a letter to a stranger soliciting an account. Moreover, the bank, in common with others, had no new business department. In those modest times, banks acted on the theory that if any one had funds to deposit he would seek out an institution.

At present, bank success depends largely on salesmanship. New York banks are especially aggressive in seeking new business, through solicitors, direct mail, and periodical advertising. As a result, a much larger proportion of the people's funds than ever before in history now reposes in the banks. Institutions with state or national charters are at present competing more effectively than ever before with the stockings and mattresses of economically illiterate persons as repositories of funds. More intensive banking is one of the contributing causes of the current marked credit ease.

IN SPITE of the political prejudice against branch banking, chain banks continue to develop with great rapidity. Congress sought to settle the issue in the last session by a compromise, permitting the national banks to open branches within their own county in places where state banks are permitted to do so. Even before this permissive legislation was passed, national banks found indirect ways of acquiring branches. And, even now, certain aggressive banking groups are tending to break through the restraints of the McFadden Act by forming holding companies which can effect virtual mergers over wider areas than the law contemplated.

Thus economics and politics continue to play tug of war. In England and in Canada, where banks have been without

such political interference, a relatively small group of chains have dominated the banking of each country. In England six great banks carry on the financial operations of the public, compared with some 28,000 in this country.

In New York City, between 1889 and 1926, the number of independent banks rose only from 142 to 143, but meantime 57 of these banks opened 400 branches.

WESLEY CLAIRE MITCHELL, the economist and father of the business cycle theory, remarks that the assertion that the business cycle has been abolished is premature.

In his new book, "Business Cycles," prepared under the auspices of the National Bureau of Economic Research, Dr. Mitchell describes business cycles as a "species of fluctuations in the activities of organized communities. The adjective 'business' restricts the concept to fluctuations in activities which are systematically conducted on a commercial basis. The noun 'cycles' bars out fluctuations which do not recur with a measure of regularity."

Although conceding that some types of fluctuations in business are irregular, Dr. Mitchell adds:

"But there are many (statistical) series of which this cannot be said. When charted, the fluctuations of pig-iron production, unemployment percentages, bank clearings, and building permits, to cite but a few examples, prove to be decidedly less irregular than the fluctuations of a weather chart, a chart of net gold shipments, or of potato crops. In no case are the fluctuations highly regular; but in many cases they are far from haphazard, despite the inability of statistics to free what they call 'cyclical' changes from what they call 'irregular' perturbations. Further, the cyclical-irregular fluctuations of the series which individually show semblance of regularity are found to have tolerably regular relations with one another in respect to time, duration, and amplitude of movement—relations many of which have been suggested by economic theory. Finally, in timing and direction these intercorrelated fluctuations agree closely with the evidence given by business annals concerning a long-continued recurrence of prosperity, recession, depression and revival."

BETTER banking and improved methods for collecting and disseminating economic statistics contribute to better business judgment in the United States. Dr. Mitchell supports the assertion of Clarence Woolley, president of the American Radiator Company, Mr. Vanderlip, and others to the effect that there is a growing economic culture in the United States. Dr. Mitchell, contrary to the assertions of his superficial critics, does not look upon business men as automatons who are helplessly swayed by external economic forces over which they have no control.

Professor Mitchell does not accept the view that the world in this post-war period necessarily faces a prolonged era of declining commodity prices. He looks upon "the slowly improving intelligence of mankind" as an offsetting factor, saying:

"European business in the next few years

Equitable Foreign Banking Service

The Equitable Trust Company of New York occupies an unusual position in the field of foreign banking. With large branches in Paris and London and over 11,000 banking correspondents throughout the world it offers facilities which are a distinct asset to firms doing a foreign business.

An Account in London or Paris

Merchants can save interest, provide funds for the convenient payment of their European bills and establish a valuable European credit reference by opening an account in our London or Paris Offices.

Foreign Credit Information

We furnish our customers with up-to-date credit information regarding individuals, firms, or corporations throughout the world.

Cables

Cables are sent and received by us during business hours at the rate of one a minute. We have arranged many special codes for our customers, saving them time and money and assuring absolute privacy in transactions.

Loans

Our service includes the handling of loans arising out of the importation or exportation of commodities by our customers.

Import Letters of Credit

We issue Import Letters of Credit on all parts of the world either in dollars or in the currency prevailing in the port of shipment. Highly trained men are employed to aid importers and facilitate the handling of their merchandise.

Foreign Exchange Trading

The Equitable is a leading bank in foreign exchange transactions, buying and selling cable transfers, buying sight and time documentary bills in foreign currencies and making contracts for purchase and sale of foreign exchange payable at future dates. Expert advice is given customers in covering their requirements.

Exchange

Checks and drafts may be obtained from us, issued on all parts of the world, payable in dollars or in foreign currencies. Mail transfers of foreign payments are also arranged.

E. T. C. Travelers' Letters of Credit

E. T. C. Credits are cashable all over the world. They are safe, convenient and economical. Inquire at any Equitable Office.



"More business is coming to me—

since I have been using your commercial letters of credit," said a customer.

"These credits facilitate transactions with foreign merchants and manufacturers, helping me to obtain the acceptance of advance orders by automatically assuring the foreign merchants of payment when the merchandise is shipped."

If you are interested in Equitable Foreign Banking Service, read the column at the left, then send for our booklet, "*A Guide to Equitable Foreign Banking Service.*"

THE EQUITABLE TRUST COMPANY OF NEW YORK

37 WALL STREET

DISTRICT REPRESENTATIVES

PHILADELPHIA: Packard Building

BALTIMORE: Keyser Building,

Calvert & Redwood Sts.

CHICAGO: 105 South La Salle St.

SAN FRANCISCO: Financial Center Bldg.

ATLANTA: Healey Building

LONDON · PARIS · MEXICO CITY

Total resources more than \$500,000,000



"For good advice —quickly"

AN INVESTOR finds himself with idle funds. He calls the nearest National City Company office and at once gets the benefit of world-wide information and a list of sound bonds suitable to his needs. He also gets the advice of experienced bond men competent to discuss with him any investment problem. This investment experience and service is only as far away as your telephone.

The National City Company

National City Bank Building, New York

OFFICES IN 50 AMERICAN CITIES · INTERCONNECTED BY 11,000 MILES
OF PRIVATE WIRES · INTERNATIONAL BRANCHES AND CONNECTIONS



Effective Advertising

"IN comparison with the rest of our advertising schedule for the industrial market, *Nation's Business* surpasses all other publications for effectiveness," writes J. G. Mayer, Advertising Manager of the Anchor Post Fence Company, New York. "The editorial content and general layout of your magazine is in our opinion the magnetic power which attracts the busy executive to delve within the covers of *Nation's Business*."

will be more likely to improve than go backwards. It is hard to believe that Europe will not succeed in emerging from the difficulties of the post-war period. Monetary demands for gold may grow rapidly. On pre-war reasoning, we would therefore be inclined to expect declining wholesale prices. Whether prices actually decline will depend upon what men do. I have high hopes that world prices will not decline. I hope that the great commercial nations will by courage and initiative introduce such changes in human practices as will prevent forces which, if left to themselves, would bring price declines, from bringing such an eventuality. One who studies the history of civilized countries in recent years must have come to feel that men are on the eve of taking a new attitude toward many issues which control their fate.

"If there is anything fine about gold, it is not that it lies outside of human discretion as was previously assumed, but that it can be manipulated to bring about events that are desired.

"I expect the continued exercise of human ingenuity, the desire to experiment courageously and to keep a record as they go along and to devise innovations, provided the world at large faces this issue in a scientific spirit, will enable men to control monetary policy in the public interest to achieve definitely recognized objects. Accordingly, any expectations of future price trend, based on what has happened in the past, may result in mistaken forecasts."

The foregoing adds to the self-respect of business men as free agents—masters of their own fates—but it heightens the difficulties of the forecasting agencies, which undertake for \$100 a year to unfold the secrets of the future.

THE NEW fashion of starting investment trusts in the United States will tend to transfer the allegiance of investors from the investment banking house to the investment trust. The merit of the switch will depend mainly on the character and integrity of the investment trust managers. Many comparatively inexperienced individuals are riding the new public hobby, and that leads me to wonder what the results will be when and if storms should develop in the financial markets.

The general idea of investing through experts is admirable, but the investment trust is not the only medium for doing this. Purchase of contracts in the great life insurance companies offers opportunity to invest by proxy, getting the benefit of the services of the gifted investment specialists of the insurance companies.

Comparatively little attention is given to annuities, which have many advantages over more widely exploited financial wares. The so-called retirement annuity gives business executives an opportunity to free themselves of all worry concerning their financial well-being during their old age. It makes their personal or family economic security entirely independent of the fate of their own business. It involves a hedge against business failure. Jesse Livermore, the far-famed speculator, who earlier in his career twice met drastic reverses, is now protected against his own speculative

mistakes with a substantial annuity. The annuity contract, moreover, gives the spirited and independent hired man a means of pensioning himself instead of depending on the paternalism of his employer.

One of the large and well-managed insurance companies, which deals in annuity contracts, allows 4.7 per cent interest on funds left to accumulate, which is a high return in the present money market. Individuals cannot independently obtain a larger return on their capital without incurring additional hazards. The appeal of the annuity is that it assures safety of principal, which the individual who invests on his own frequently fails to attain. Moreover, the annuity re-enforces the vague impulse to save by means of a contractual obligation to turn in thrift funds to the insurance company periodically. It makes saving as automatic and inevitable as paying rent.

The annuity contract is a conservative backlog for the individual, who invests most of his surplus funds independently.

Companies, specializing in annuities, will vary the contract to suit the need of individuals. One company will start the retirement income to the annuitant at any time between the ages of 50 and 70.

To make the proposition concrete, I asked one of the companies to present graphically how a retirement annuity plan would work out for a man thirty-one years of age. The specimen plan follows:

The annuitant is now 31 years of age.

If he continues his investment until he is 55 years old,

Which is 24 years.

His *Annual Deposit* will be \$1,000.00.¹ His total payments will be \$24,000.00.

His *Average Annual Refunds* will be \$227.65. His total refunds will be \$5,463.80.

His *Net Annual Investment* will be \$772.35. His total net investment will be \$18,536.20.

AT AGE FIFTY-FIVE

	Monthly	Annually
Life annuity guaranteed for life.....	\$211.20	\$2,534.40
Refund annuity guaranteed for life ²	188.60	2,263.20

CASH AVAILABLE IF SURRENDERED

Cash value.....	\$33,210.00
Total refunds left to accumulate at 4.7 interest.....	10,244.25

Total cash available..... \$43,454.25
He can terminate the agreement at any time for its cash value.

He can elect to start his annuity at any age from 50 to 70.

With a small additional annual deposit of \$45.00, he can have the Disability Feature added, which will give him an income of \$250.00 monthly, in the event of his becoming disabled before the age of 60. This to continue until age 65, at which time the regular annuity will begin. The company will waive all deposits from the time of disability.

BUSINESS expects the 70th Congress to prove more of an irritant than a stimulant, and yet, apart from investigations

¹ Based on the 1927 dividend scale.

² If he passes on *after* the annuity starts, his beneficiary will continue to receive the annuity until the total return equals the accumulated value of the investment.

If he passes on *before* the annuity starts, his beneficiary will receive the accumulated value of the investment.

A Customer's Problem—

*New Loan or
New Capital?*



ONE of our commercial customers some time ago requested a loan much larger than any we had yet made that Company.

A discussion brought out the fact that new capital rather than a loan, was advisable. Our officers suggested changes in capitalization and brought the corporation's executives into touch with the Guaranty Company of New York, the securities subsidiary of the Guaranty Trust Company.

Through a bond issue, new capital was obtained. The corporation was enabled to proceed with plans for expansion, to effect economies, and to increase earnings.

Our service to customers means more than "yes" or "no" on loans. It means constructive interest in problems, as well as command of unsurpassed banking facilities.

Guaranty Trust Company of New York

140 Broadway

NEW YORK

LIVERPOOL

LONDON

HAVRE

PARIS

ANTWERP

BRUSSELS



If You Have Property To Administer

A first essential in the administration and protection of property is to know what the property is, where it is, and what it is worth.

American Appraisal Service furnishes this information impartially and authoritatively.

More than 30,000 American Appraisals made during the past thirty-one years have been the basis for property control by many of the nation's ablest executives.

THE AMERICAN APPRAISAL COMPANY

A NATIONAL ORGANIZATION

One Good Way to Say Merry Christmas to a Man

One good way to say Merry Christmas to a man is to give him a subscription for NATION'S BUSINESS. There are a number of reasons why:

It is useful. It is entertaining. It is a repeating gift. The price is reasonable—\$7.50 for three years.

NATION'S BUSINESS gives the business man what he needs—authentic information on every new development in business and Government. It gives him new ideas—and a fuller understanding of the things that affect his business.

We will see that the first copy arrives during Christmas week, and if you wish, we will write him a special letter saying that you are the donor.

United States Chamber of Commerce, Washington, D. C.

Send NATION'S BUSINESS for three years to:

After January 1, send the bill for \$7.50 to me

Name _____

Name _____

Address _____

Address _____

and discussion, little of a tangible nature in the way of significant economic legislation is likely to result.

Unquestionably, Senator Thomas J. Walsh, of Montana, and others are determined to probe the post-war expansion of the public utility industry.

Senator Carter Glass of Virginia is eager to clear up certain financial policies of the Federal Reserve Board and of the State Department. He will criticize the recent action of the Reserve Board in ordering the Federal Reserve Bank of Chicago to cut its rediscount rate from 4 to 3½ per cent, despite the opposition of its directors. If necessary, he will propose an amendment to the Federal Reserve Act, of which he was co-author, to clarify the question of ultimate power in the matter of determining rates. Obviously, the Virginian believes that the regional banks should have autonomy.

Moreover, Mr. Glass doubts the power of the State Department to act as it has in the last seven years as supervisor of American private loans to foreign governments. In reply to Mr. Glass's criticism in the press, President Coolidge defended the policy which was initiated by former Secretary of State Hughes during the Harding administration. Mr. Coolidge felt that the policy came under the general powers of the Executive under the Constitution to conduct foreign affairs.

Of course, the State Department does not formally approve loans, but asks for an opportunity to express disapproval of loans which run counter to the major diplomatic policies of the Government. The State Department has set its face primarily against loans to foreign governments for militaristic purposes, but, of course, in the case of France in the last year and a half the State Department has seemingly gone further by discouraging loans of new capital to France until the French Parliament ratified the debt agreement. The British Government adopted a similar restrictive policy.

Senator Glass charges that the State Department, by means of a "gentleman's agreement" with bankers, has usurped important powers, which Congress would be unwilling to grant. The Virginian added that the policy entails government meddling, brings the hazard of favoritism and patronage evils, misleads the investment public, threatens complications with foreign governments, and, above all, he asserted that the policy implies a moral obligation on the part of the Government to sustain or collect loans to which it has given its tacit approval.

IRRESPECTIVE of whom the directors of the United States Steel Corporation select to fill the shoes of the late Judge E. H. Gary as chairman of the board of the company, there is little doubt that Charles M. Schwab, chairman of the Bethlehem Steel Corporation, has succeeded to the place of foremost ironmaster in the country.

The American Iron and Steel Institute, the trade association of the basic industry, recognized the new preéminence of Mr. Schwab by electing him president to succeed the late Judge Gary. Mr. Schwab's

career has been even more picturesque than Judge Gary's. Moreover, unlike Judge Gary, Mr. Schwab has always been a steel man, knowing the technical side of the business as well as comprehending business statesmanship.

Mr. Schwab started at the bottom as a steel worker, whereas Mr. Gary studied for the law, became a county judge, and later a successful middle western corporation lawyer. Mr. Schwab promptly showed so much promise that he became one of the most favored of "Carnegie's boys." When the Carnegie Steel Company went into the merger which the late J. Pierpont Morgan and Judge Gary envisaged, Mr. Schwab was one of the important personnel acquisitions. He became president of the United States Steel Corporation and at thirty was reputed to be earning \$1,000,000. A few years later he broke with the Steel Corporation and for a time wandered about the capitals of Europe. Imaginative feature writers were already sharpening their pencils to write about the rise and fall of Mr. Schwab. The majority thought that he had shot his bolt.

But he returned to America and devoted his vast energies to the building up of the relatively small Bethlehem Steel Company, which to most outsiders seemed only a forlorn hope. Mr. Schwab invested extensively in plant and equipment, and when the war came his plants were ready to turn out armament in huge quantities for the Allies. Post-war mergers with the Lackawanna and Midvale Companies not only transformed greater Bethlehem into the second largest steel enterprise in the world but also made it as large as the Steel Corporation.

Mr. Schwab came back decisively.

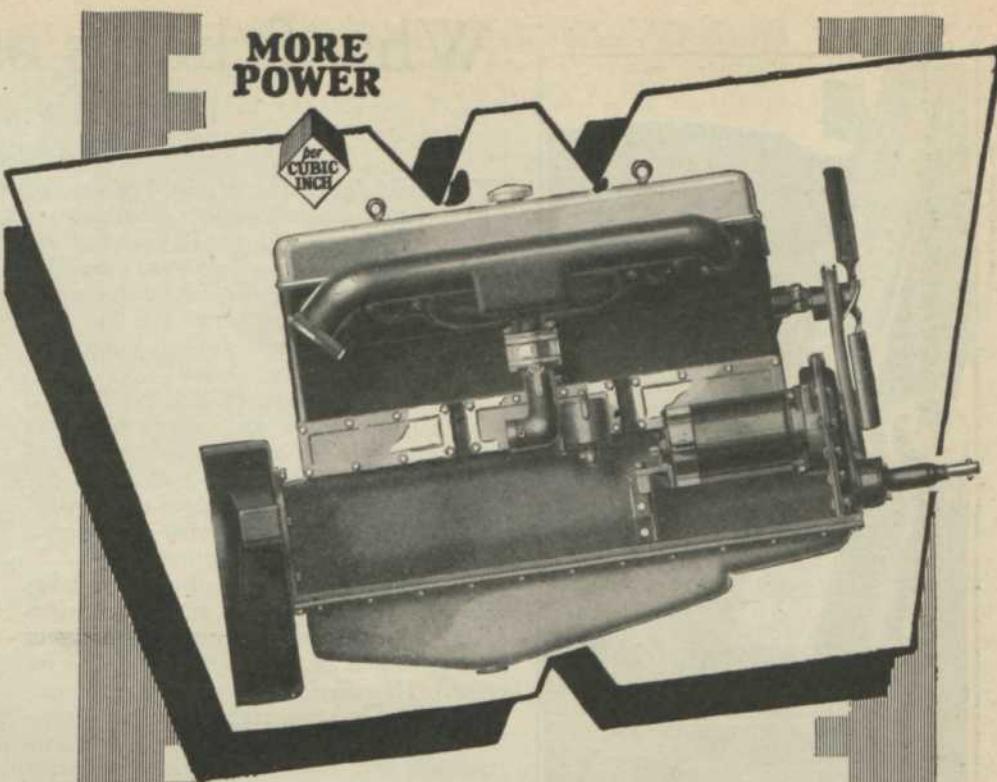
In the building up of the Bethlehem Corporation, he was greatly aided by the talents of Eugene G. Grace, who is now president and active head of the company. Mr. Schwab reports that he is in semi-retirement, giving the younger executives a chance to exert leadership, but standing ready to help when they need guidance.

Perhaps no other single figure in the steel industry has so much personal magnetism as Mr. Schwab. He is a more human personality than the austere Judge Gary was. Mr. Schwab has a delightful sense of humor and an endless array of anecdotes. Like Judge Gary, he is an eternal optimist concerning the future of American business.

De-specialized Shops

ACROSS the street from Georgian House, Bury Street, London, where Sinclair Lewis lived while writing *Babbitt*, I found a two-chair barber shop conducted by an art dealer. I don't know whether he is primarily an art dealer or a barber but he combines the two occupations not only profitably but to the great joy of his customers. It is a rare privilege to have an opportunity to look at an assortment of old etchings while having your hair cut.

This man's scheme set me to wondering whether many shops aren't too specialized. I recall a dog shop in New York where they sell good books. Why couldn't dentists have side lines of, say, candy?—F. C. K.



Proved in the Day's Work

In the final show-down of tough power jobs, Wisconsin Motors show their true mettle.

The more rigidly the check-up is kept, the more convincing will be the proofs of definite cash savings.

Steady refinement of the basically right overhead-valve principle has assured more work from fuel and oil, more ease (and less need) of repair, more *power* per cubic inch.

Write for the facts that prove it.

WISCONSIN MOTOR MFG. CO.
Milwaukee, Wisconsin

Wisconsin Motors are manufactured in a full line of Sixes and Fours with a power range of 20 to 150 H. P., for trucks, busses, tractors and construction machinery.

Wisconsin
CONSISTENT



What Schools on Wheels Bring

By UTHAI VINCENT WILCOX

IN THE hinterland of the Province of Ontario, whose northern boundary is washed by the Hudson Bay inlet of the Arctic Sea and whose southern shores by the greatest of the great lakes, the greatest of the experiments in creating new markets and good will through samples of education is now well under way.

For years northern Ontario lay in cold oblivion, unknown and unrecognized, a land of sagebrush and stunted poplar, fit only for the habitation of the nomad Indian and his brute companions of the wild. Then gold and silver were discovered, which brought the adventurous.

Along the railway's right-of-way gangs of six to eight men must group themselves every 4 to 6 miles to insure the safety of the thousands of people that pass and repass. These isolated groups become augmented by hunters, trappers, pocket farmers, tie and lumber cruisers, jobbers and millmen and others who must work the wilderness.

Moving Schools for Sparse Population

SCHOOLS on wheels slip now quietly into these little settlements, stop on a siding, and then are gone in a few days only to return in from four to six weeks to check on the knowledge and lessons assigned. The foreign-born as well as the English-speaking flock to the unique cars where imaginations are stirred and desires awakened.

The Canadian National and the Canadian Pacific provided the cars for the tests. The whole equipment was a model of completeness and in itself was a traveling advertisement for new comforts. There is a kitchen, a living room, as well as the schoolroom compartments.

The schoolroom has all the equipment and prerequisites of the most up-to-date school, and, in addition, selected libraries and magazines and catalogs.

Morning by morning, as the school on wheels rests on the siding, the sounds of the school bell echo and reverberate down the forest aisles, a strange, weird note in a great wilderness of space.

The effect of the advertisement of this modern world is startling in its influence and awakened love of knowledge and facts. A one hundred per cent attendance of whole neighborhoods is the answer of the communities.

These cars ply back and forth on their hundred-mile beats, meeting at six to eight station points their coteries of from five to twelve pupils who welcome their advent and regretfully wave them adieu when the week's work is over. But heads and hands are busy in the interval on prescribed work set and supervised by the teacher.

The ultimate value of the school car to these distant settlements can hardly be estimated in commercial terms. Yet they have a most direct bearing on business, and, in a far more direct way than does the missionary, they achieve a mission of good-will that is reflected in a steadily increasing shipment of new appliances and

modern conveniences to this new region of the north country.

An enthusiastic young man and his wife, Mr. and Mrs. Fred Sloman, are largely responsible for the success which has attended the effort thus far. They have opened night schools at various points. The non-English are being taught to read and write and compute. The section hand is lifted into a new world of promise. His ambition is whetted.

Those who can read are supplied with the world's literature.

The masculine teachers are dynamic. They are the best samples of the outside world. Their very presence there in the appearing and disappearing school on wheels is stimulating. They not only teach the young but they are letter writers and interpreters and referees, advisers of new things to purchase from the great world to the south.

Incidents are abundant to show that the school on wheels is answering a need, creating good-will, and opening up new business avenues.

Two boys of nine and eleven were discovered alone in a shack in the forest, orphaned of a mother and left by force of circumstances by their father to forage for themselves for the winter while he attended the traplines far down stream towards Hudson Bay. Sloman chanced on them, picked them up, and introduced them to the school car.

As it was nearing Christmas, he played Santa Claus to them, outfitting them in clothes, a supply of which he had on hand for the purpose.

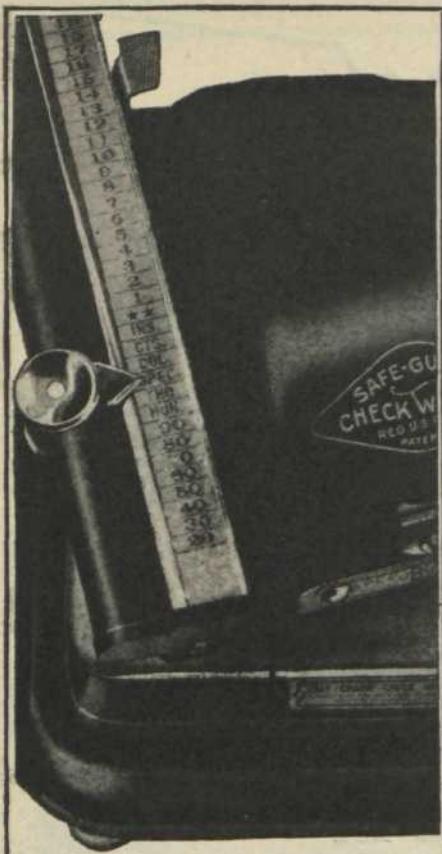
These boys found an old tent, pitched it among the spruce, banked it with snow, thatched it with boughs and actually lived in it through the dead of a northern winter in a temperature of 45 to 54 degrees below zero for the weeks that the school car was nearest to their home, 40 miles away.

Learning Is Rapid

THE result of such a desire to learn has broken records. The Minister of Education is having to revise his time schedules. In seventeen days two children have learned to read and write, when on the second day they could only write with great difficulty the word "c-a-t." Others in a few weeks jump into the third and fourth grades. As a consequence Teacher Sloman says now that "education is a state of mind."

Not the least of the results is the changed condition in the railroad world. Where once it was difficult to obtain only the most ignorant to live in the more distant parts, now men and families will pioneer because they can keep in touch with the outer world. They have their community club in the traveling car.

It has been the experience that, when once the farmer is stimulated in wanting to live better, he then quickly learns how to live better and begins to work to that end and to achieve the prosperity of his family and community and business in general.



SPEEDY

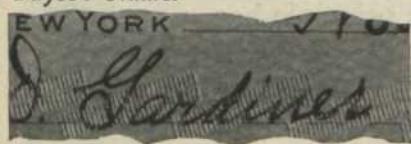
The new Safeguard Speed Model is the fastest check writing machine ever devised to give complete protection.

Checks written with the Safeguard are automatically triple-protected.

1. Writes EXACT amount in WORDS.



2. AUTOMATICALLY Protects Payee's Name.



The same operation that writes out the amount in acid proof red ink, shreds the Payee's Name and the amount as written in figures. It's automatic—"You can't be Careless with a Safeguard."

3. Amount is ALWAYS written in ONE line, full width of check; eliminates danger of raising by additions.

THREE-FOLD PROTECTION

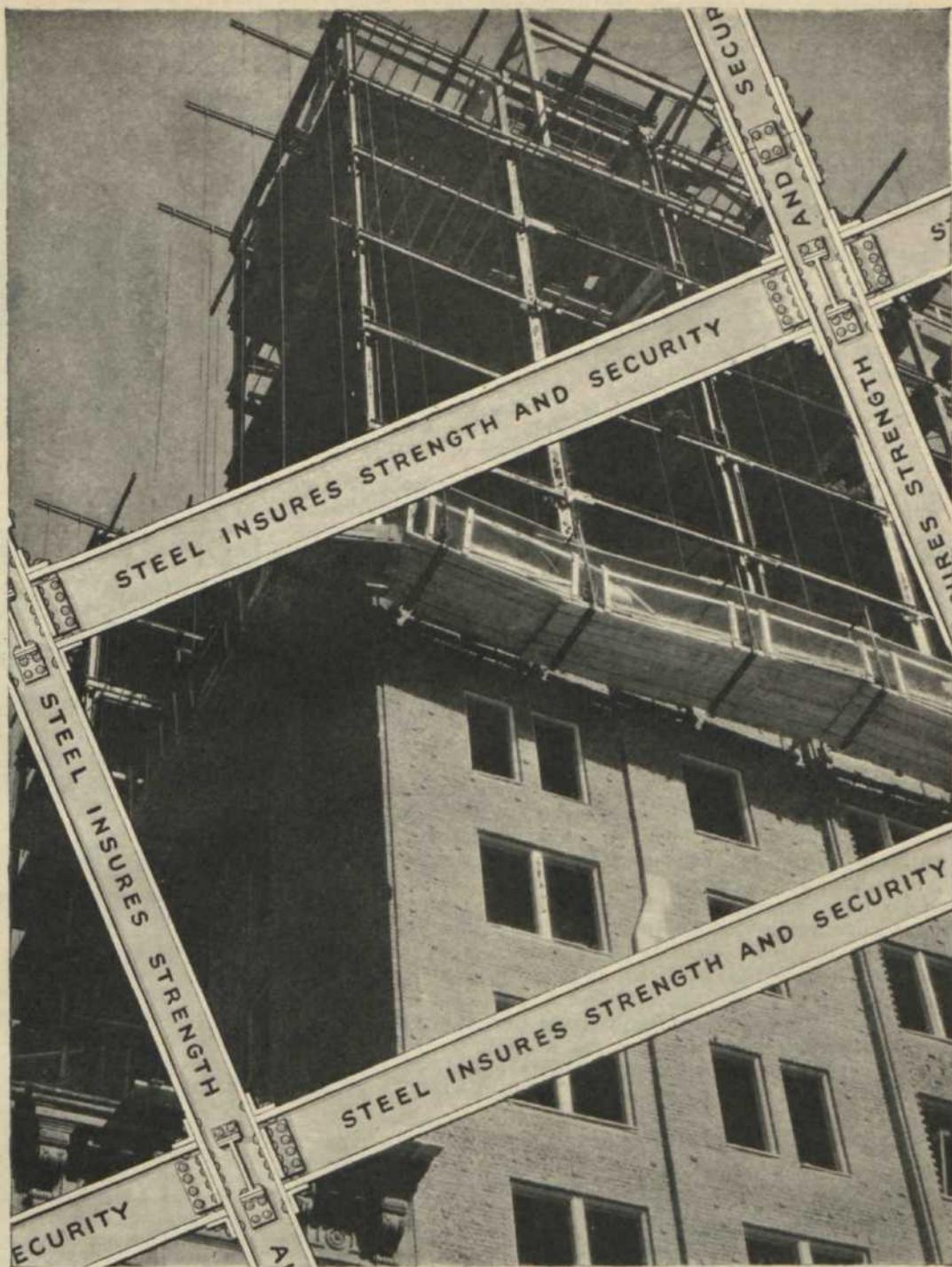
SAFEGUARD
REG. U. S. PAT. OFF. **CHECK**
WRITER

SEE IT DEMONSTRATED

at leading Stationers and
Office Equipment Dealers

Manufactured by

SAFEGUARD CHECK WRITER CORP.
5 BEEKMAN STREET :: NEW YORK



STEEL WITHSTANDS SHOCK AND STRAIN



VIBRATION of machinery, the shifting weight of moving loads, fire, flood, hurricane or earthquake—a steel building will safely withstand them. Dr. Bailey Willis, President of the Seismological Society of America, says, "The safest place during an earthquake is in a well-built modern office building. . . . No steel frame has ever come down in an

earthquake. . . . Steel might be called the aristocrat of building materials."

A building that will stand an earthquake will stand practically anything. If you want to build for durability, safety, maximum floor space per strength-unit, speed in construction, and proved economy—investigate steel. Send for the informative fact-book, "STEEL NEVER FAILS."

AMERICAN INSTITUTE OF STEEL CONSTRUCTION, INC.

The co-operative non-profit service organization of the structural steel industry of the United States and Canada. Correspondence is invited. Address: 285 Madison Avenue, New York City.

Steel Insures Strength and Security

When writing to AMERICAN INSTITUTE OF STEEL CONSTRUCTION, INC., please mention Nation's Business

The Story of Advertising

By HOWARD H. BOYCE

THE FIRST reference to America we find in advertising is the pamphlet "Nova Britannia," sent out by the London Company in 1609 setting forth the possibilities of wealth for those living in Virginia.

The first permanent settlement was established in New England in 1620, and eighteen years later, in 1638, Stephen Daye set up the first printing press in America at Cambridge, Mass. Stephen Daye's establishment is still in existence, now being known as the University Press.

In 1671 Governor Berkeley of Virginia expressed his thanks that "we have no free schools or printing. God keep us from both." A few years later, in 1683, when Lord Eppingham was appointed Governor of Virginia, he received orders to "Allow no person to use a printing press whatsoever."

Early American Papers

A NEWSPAPER was started in Boston in 1689. It was a sheet called *Public Utterances* and was merely a recital of things that had happened recently, but was suppressed immediately after the first issue appeared, the authorities claiming that "newspapers were meddling with high matters."

This decision was effective for fifteen years, until 1704, when appeared the first number of the *Boston News Letter*, in which John Campbell, the editor, and at that time postmaster of Boston, produced America's first newspaper advertisement, calling the public's attention to the paper as an advertising medium.

In 1728 there was published at Boston the *New England Weekly Journal*, which carried numerous notices of shipping and rewards for runaway slaves. Not long after this, miscellaneous trade advertisements began to appear in almost all American newspapers announcing the importation of new goods from England, slave sales, lost cattle, etc.

"Franklin was first to turn to great account the engine of advertising," says Parton, his biographer.

A handbill, probably advertising an auction sale, was the first order secured by Franklin's print shop. The charge for this work would about equal \$2.50 in our present currency. Job printing at that time was limited to handbills to be stuck to trees and fences and usually advertised an auction sale, a traveling show, or something similar.

J. Linton Engle, in "Benjamin Franklin, Founder," says: "Franklin early added to his printing busi-

ness a stationer's shop, in which he kept blanks of all sorts, including bills of lading. These bills formerly began with 'Shipped by the Grace of God,' etc. Some people of Philadelphia objected to this phraseology as making light of serious things. Franklin therefore printed some without those words and inserted in his paper the following advertisement:

"Bills of lading for sale at this office, with or without the Grace of God."

One of America's leading institutions of learning, the University of Pennsylvania, stands today as a result of Franklin's endeavors. He prepared, printed and put into circulation a pamphlet setting forth his suggestions for the establishment of an academy to educate the youth of the colony.

In his autobiography Franklin says he was forced to resort to bribery of the postboys to get his newspaper delivered by mail, the postmaster refusing to let them carry it. (The postmaster in each town where newspapers were published usually published one of them and invariably used his office to further the fortunes of his own newspaper and to hamper the progress of its rivals.)

So keenly did Franklin feel the injustice of this unfair discrimination that, when he became postmaster, he established uniform service to all newspapers.

In 1728 Franklin founded a newspaper, *The Pennsylvania Gazette*. Advertisers of today are still using this paper, which is known to probably everyone in America. It is now called the *Saturday Evening Post*.

To Franklin is given the credit of being the first postmaster to advertise unclaimed letters.

A forerunner of the Liberty Loan posters used during the World War is seen in Franklin's effort to aid General Braddock during the seven years' war with the French and Indians (1753 to 1760). Braddock, who was to march against the enemies in the west, had appealed to the colonists in vain for horses and wagons to haul supplies. In despair, he sought and secured Franklin's help. Franklin produced and distributed a poster, and a short time brought results in the form of 150 wagons and 259 horses, which were placed at the disposal of Brad-



1775 1925
GEROLD & CO
UNIVERSITATS BUCHHANDLUNG
WIEN I STEFANSPLATZ 8

COURTESY THE STUDIO, LTD., LONDON

Austrian publication advertisement

dock for his French and Indian campaign.

Franklin's publication of the *General Magazine* is perhaps the event most closely connected with advertising development in America.

The *General Magazine* was the first to be planned and published on this continent. The initial issue appeared early in 1741 and bears on its cover page the inscription, "Printed and sold by B. Franklin."

One Who Sought Publicity

THE name, P. T. Barnum, is to many a synonym for greatness in publicity.

Barnum was a native of Connecticut but removed to New York City, where, as his autobiography tells us:

Every morning at sunrise my eyes were running over the columns of "Wants" in the *New York Sun*, hoping to hit upon something that would suit me. Many is the wild-goose chase which I had in pursuit of a situation so beautifully and temptingly set forth in those "wants." Fortunes equaling that of Croesus, and as plenty as blackberries, were dangling from many an advertisement, which mysteriously invited the reader to apply at Room No. 16, in the fifth story of a house in some retired and uninviting locality; but when I had wended my way up flights of dark, rickety, greasy stairs, and through sombre, narrow passages, I would find that my fortune depended firstly upon my advancing a certain sum of money, from three dollars to five hundred as the case might be; and secondly, upon my success in peddling a newly discovered patent life-pill, an ingenious mouse-trap or something of the sort.

In July, 1835, a former showman, an acquaintance of Barnum, called upon the latter in New York and was instrumental in starting Barnum upon his first venture as a showman. This consisted in the purchase of an old negress, Joice Heth, who was exploited as being 161 years old and former nurse to George Washington. In addition to numerous handbills and posters, the newspapers of the day carried advertisements of the attractions of Joice Heth.

While being exhibited in Connecticut,



A modern German advertisement

A gauge of success

THE first application of the Bedaux Principle was made in Michigan, in 1916. Through the following years the growth of business has necessitated the organization of several operating companies, involving now a staff of more than fifty engineers. Today, as in the beginning, the Chas. E. Bedaux Companies are concentrating exclusively on the study of labor utilization and control.

A gauge of the success of our work is found in the fact that in the United States alone more than twice as many new clients have requested application of the Bedaux Principle to their plants since January 1, 1927, as in the largest previous similar period. A qualified representative will be glad to call at your convenience to tell you, without obligation, more about Bedaux principles.

The Chas. E. Bedaux Companies

OF NEW YORK
271 Madison Avenue, New York City
DOUGLAS S. KEOGH, President



OF ILLINOIS
435 North Michigan Ave., Chicago, Ill.
ALBERT RAMOND, President

OF PACIFIC STATES
Pacific Building, Portland, Oregon
CHARLES W. ENGLISH, President

CHAS. E. BEDAUX, LTD.
Bush House, Aldwych, London,
W. C. 2, England

DEUTSCHE BEDAUX-GESELLSCHAFT
m. b. H.
Bahnhofstrasse 9, Handelshof
Hanover, Germany

SOCIETA ITALIANA BEDAUX
41, Via Carlo Alberto
Turin, Italy

LEAVE IT TO THE YOUNGER CROWD TO KNOW THE BEST!



IT is characteristic of this younger set to settle the cigarette question exactly as they settle their hard-fought games—on the sporting principle of "may the best win!"



FATIMA

A few cents more—for the best that money can buy!

LIGGETT & MYERS TOBACCO CO.

Where Does the Retail Dollar Go?

How much is spent for radio, hosiery, cigars, automobiles?

YOU will find the complete answer in "Retail and Wholesale Trade of Baltimore, Maryland." This detailed report has just been published by the Domestic Distribution Department of the United States Chamber of Commerce. It presents the final figures on the first trade census—made in Baltimore by the United States Bureau of the Census.

A mathematical picture of distribution in one of the chief cities of the country. Of value to merchants, economists, manufacturers, advertising men—to everyone who is interested in commercial and industrial growth.

"Retail and Wholesale Trade of Baltimore, Maryland," is a report of 58 pages, complete in every sense of the word. It contains the divisions of retail expenditures in 71 commodities, and is illustrated with charts.

Copies of this report may be obtained at 25 cents each

DOMESTIC DISTRIBUTION DEPARTMENT

U. S. Chamber of Commerce

Washington, D. C.

Joice Heth died. Her body was brought to Barnum in New York, where he allowed a surgeon, who was interested, to see her and make an effort to determine her age. His report indicated that Joice Heth was probably about 80 years old. The *New York Sun* published this as a "precious humbug exposed."

Shortly after this, Barnum's partner in the enterprise, Lyman, went to see James Gordon Bennett of the *Herald*, and continued the hoax when he informed Bennett that Joice Heth was not dead but was still being exhibited up in New England.

This account was published, but when its falseness was discovered "Bennett cried still louder that he was right, and published several fictitious certificates purporting to have been written and signed by persons corroborating Lyman's story."

Shortly afterwards, Barnum says:

Bennett met Lyman in the street and proceeded to blow him sky high for having imposed upon him. Lyman laughed; he said he only meant it as a harmless joke, and that now, as a recompense for the imposition, he would furnish Bennett with the veritable history of the rise, progress and termination of the Joice Heth humbug.

Bennett was delighted. They went to his office, and Lyman dictated while the editor took down the heads of what purported to be the history of Joice—of her having been first found by me in the out-house of a plantation in Kentucky—of my having extracted all her teeth—taught her the Washington story—called her 110 years old in Louisville, 121 in Cincinnati—twenty years older in Pittsburgh, and 161 at Philadelphia.

This ridiculous story was published by Bennett in the *Herald* of September 8 and September 13, 1836.

Roland Cole, in *Printer's Ink* for December 24, 1925, says the advertising columns of *Harper's Weekly* for 1864 show several progenitors of present-day advertisers. He says:

The advertising of Colgate shaving preparations during the past year has been distinctive among other shaving cream-stick-soap-powder advertising for one thing, i.e., for the amount of space it has given over for the caricaturing of whiskers. Whiskers haven't been popular for years, yet if there were no whiskers, where would the manufacturers of safety and other razors be, to say nothing of makers of shaving preparations? An industry has been built on the



© U. S. A.

Eiffel Tower in blaze of electric lights. Advertising illuminations are now permitted on the noted Paris structure

unpopular whisker, an industry that might topple into nothingness should the whisker return to favor. What had the advertisers of 1864 to do with the present prosperity of Colgate, Gillette, Auto-Strop, Palmolive, Williams, Mennen, and unnumbered hosts of advertisers in the shave-yourself field, which included everything from talcum powder to new-fangled traveling kits for men and women?

Not one but a dozen advertisers, in 1864, offered preparations that would make whiskers grow. R. G. Graham, of 109 Nassau Street, New York, under the caption, "Do You Want Luxuriant Whiskers or Mustaches?" said: "My Onguent will force them to grow heavily in six weeks (upon the smoothest face) without stain or injury to the skin."

But A. C. Clark, of Albany, N. Y., was more specific. Besides, his caption, "Attention Company!" had atmosphere and timeliness because the period was saturated with the military spirit. Here is his advertisement:

"Clark's Onguent, a powerful stimulant, Each packet guaranteed to produce a full set of whiskers or mustaches in six weeks upon the smoothest face without stain or injury to the skin. Any person using this Onguent, and finding it not as represented, by informing me of the fact, can have their money returned them at any time within three months from day of purchase. Price \$1. Sent sealed and postpaid to any address on receipt of the money."

C. W. Philo, of Brooklyn, N. Y.—evidently a street address was considered unnecessary—advertised "Beautiful False Mustaches, 50 cents and \$1 each. Send stamp for circulars." So if the "Onguent" failed to do its work, one need not despair.

Thus two groups of advertisers in 1864 labored assiduously to foster in the minds of the male population a love for facial decoration, and who shall say that Colgate, Gillette et al. are now reaping today the harvest of a whisker crop that was planted in the minds and faces of the youth of our country during the period of the Civil War?

To name another example: The volume and quality of collar advertising during the present era is something to provoke wonder when one considers how inconsiderable a detail of male attire a collar is. The advertising campaigns of Cluett, Peabody & Company, George P. Ide & Company, Phillips-Jones Corporation and others have set new standards in advertising art and have put collars upon whole classes of the population which only a few years ago were collarless and careless thereof. Whence came this desire to be white-collared? Is it entirely the creation of present-day advertisers? The advertising pages of *Harper's Weekly* of the good year 1864 "says different." S. W. H. Ward, of 387 Broadway, New York, features his "Steel Collars, enameled white," as follows:

"Having the appearance and comfort of linen, have been worn in England for the last two years in preference to any other collar, as they are readily cleaned in one minute with a sponge.

"To Military Men and Travelers they are invaluable.

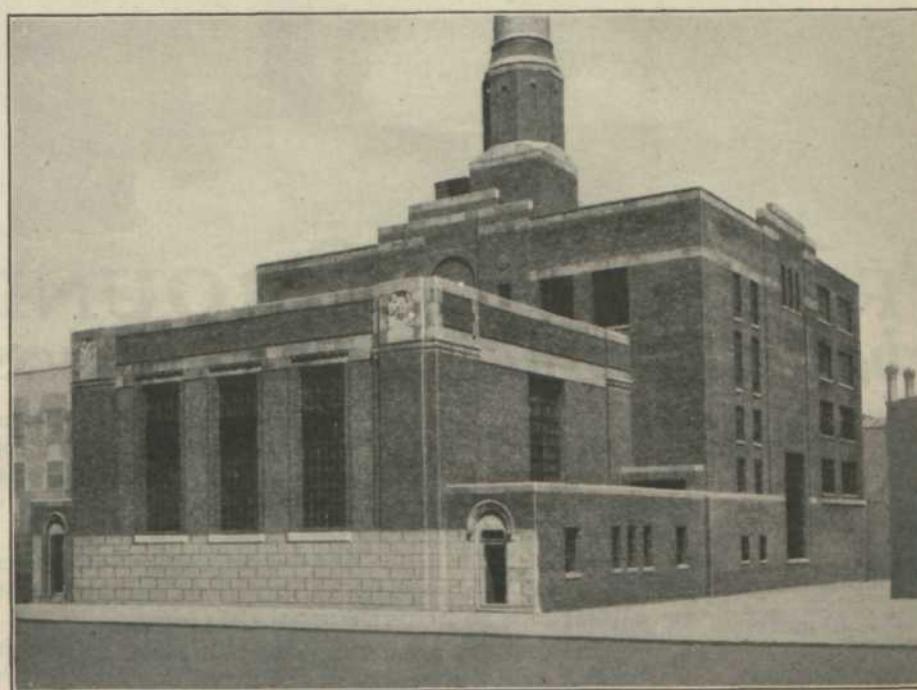
"Price seventy-five cents each; sent by post to any part of the Union on the receipt of ninety cents."

Who can tell?—had it not been for the advertising of Hatch, Johnson & Company, 81 Devenshire Street, Boston, in their line of "Gray's Patent Molded Collars," perhaps the white collar vogue might never have received the impetus which has made it today one of the country's largest industries. The follow-

Kahler and Mayo Properties

SERVED BY WORTHINGTON

Rochester, Minnesota, which draws visitors from all parts of the world, has efficient new power plant.



THE new Franklin Heating Station, shown above, joint property of the Kahler Corporation and the Mayo Properties Association, at Rochester, Minn., is equipped with 14 Worthington Pumps, 2 Worthington Air Compressors, 29 specially fitted Worthington Hot and Cold Water Meters. The station is rated by engineering experts as a "highly efficient" power plant.

WORDS THAT MEAN WORTHINGTON

✓ Pioneering
✓ Trustworthiness
✓ Experience
✓ Competency
✓ Efficiency
✓ Conservation
✓ World-Wide

PRODUCTS OF WORTHINGTON

✓ PUMPS
✓ COMPRESSORS
✓ CONDENSERS and
AUXILIARIES
✓ OIL and GAS ENGINES
✓ FEEDWATER HEATERS
✓ WATER and OIL METERS

Literature on Request

7535-18

WORTHINGTON



WORTHINGTON PUMP AND MACHINERY CORPORATION
115 BROADWAY, NEW YORK CITY

BRANCH OFFICES IN 24 CITIES

When writing to Worthington Pump and Machinery Corporation please mention Nation's Business



PROFITS are GROUND ~between the mill stones of business!

Ground to a powder between the upper mill stone of high manufacturing costs and the rather low selling prices—the meager profits of many factories are soon lost in the supposedly normal expenses of doing business.

Some relief must be had—and soon. No business can stand the pressure of impatient owners whose capital fails to bring returns.

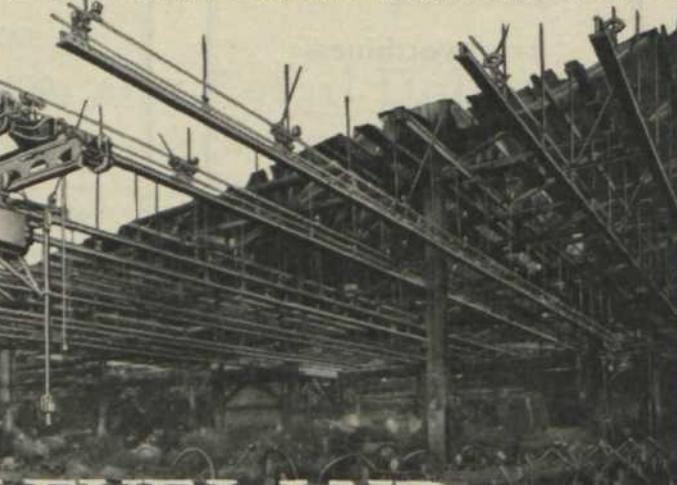
You may be selling goods at the best prices the market will pay—but are you making them at the lowest possible cost?

A Cleveland Tramrail Engineer is skilled in the art of fitting moving to the making of every type of product. He can tell you how many surplus men you are paying to handle material, how many hours your machines are needlessly idle while processing small units, how much could be saved by increasing the unit of production.

A post card or letter will secure complete information about the savings to be made by making your product while you move it.

CLEVELAND ELECTRIC TRAMRAIL DIVISION
The Cleveland Crane & Engineering Co., Wickliffe, Ohio

The automobile industry has set the pace for the practice of making while you move it! The Cleveland Tramrail System has been fitted to the making of every unit—castings, frames, motors, car assembly and even garage repair service. The short Tramrail Transfer Bridges shown here can be interlocked and the entire row used as a single crane.



CLEVELAND TRAMRAIL SYSTEMS

ing advertisement tells a convincing story:

Gray's Patent Molded Collars have now been before the public for nearly a year. They are universally pronounced the neatest and best-fitting collars extant.

The upper edge presents a perfect curve, free from the angles noticed in all other collars.

The cravat causes no puckers on the inside of the turn-down collar—they are AS SMOOTH INSIDE AS OUTSIDE—and therefore perfectly free and easy to the neck.

The Garotte Collar has a smooth and evenly finished edge on BOTH SIDES.

These collars are not simply flat pieces of paper cut in the form of a collar, but are MOLDED AND SHAPED TO FIT THE NECK.

They are made in "Novelty" (or turn-down style), in every half size from twelve to seventeen inches, and in "Eureka" (or Garotte), from thirteen to seventeen inches; and packed in "solid sizes" in neat blue cartons, containing a hundred each; also in smaller ones of ten each—the latter a very handy package for Travelers, Army and Navy Officers.

A comparison of modern advertising of Europe (including Great Britain) and America shows vast differences in the methods used to secure results.



An Italian advertisement

A bulletin from the Washington, D. C., headquarters of the National Geographic Society says:

Announcement by the British Post Office that firms may buy advertising space on dies used for postal stamp cancellation calls attention to some unusual phases of European advertising and selling methods.

Proprietors of the great Parisian department stores bemoan the lack of advertising media, such as our great daily papers. It is not possible for them, as it is for our merchants, to "cover" their city by using space in two, three or four daily papers; therefore they resort to whatever substitutes are available. They use theater tickets, menu cards in cafes, and engage men to distribute leaflets among the patrons of the sidewalk cafes.

To display their high-grade gowns, furs, jewelry, cloaks and other merchandise they have showcases in the theater lobbies. Their own windows are largely lost to them because they place their bargain tables on the sidewalks outside their stores. One thinks he is coming upon some market when he sees crowds of women gathered about the stands; and then the visitor realizes it is "drygoods" that is being sold and goes closer to see one of the unusual sights of Paris, thousands of women fingering over the bargain stockings, waists, ribbons, and other articles of the sidewalk tables.

Inside the large Paris department stores

the goods must tell their own stories; therefore they are spread out in profusion, and confusion, on tables. Only the most valuable articles, such as jewels, are in the showcases.

Electric signs, both in London and Paris, are not so elaborate as those in America, but the lettering is much larger, as it is on the unlighted signboards. A department store in Paris announced its name in letters that cover the greater part of one side of an eight-story building. Fronts of London buildings are occupied by signs of only a few words which spread over the entire wall space. Nor are they less spectacular than American signs in their locations. A series of signs flashes nightly from the famous Eiffel Tower.

It must not be supposed, however, that these eccentricities are the only mediums used for advertising purposes in Europe. Some very creditable (according to the American standard) specimens of publication advertisements, show cards and window-bills, booklets, and prospectuses are shown in "Art and Publicity," by Sydney R. Jones, published by The Studio Ltd., London. A few of these specimens are shown here, but they are above the average of European advertisements.

A glance at the many mediums used by American advertisers of today and comparison with foregoing advertisements will suffice to show the tremendous advance that has been made in advertising during the past quarter century.

Street car and outdoor advertising are on a sound basis and are much used by national advertisers.

Publication advertising, as a whole, enjoys a reputation that was undreamed of in Barnum's day. This has been brought about by the strict censorship exercised by the most progressive publishers, who always investigate a doubtful advertiser before his announcement is accepted for publication. The Post Office Department, by denying the use of the mails to fraudulent enterprises, operates effectively in preventing "direct-by-mail" swindles.

The Encyclopedia Americana says:

Advertising has had immense influence upon the lives of the people, for it not only increases the standard of living and health by the introduction of modern conveniences, such as baths and sanitary appliances, heating and lighting apparatus, the encouragement of travel, etc., but also tends to improve the quality of commodities without a corresponding increase in cost. Advertisers seeking to create national demand for commodities sold under their trade-brands compete in offering excellent staples, assuring purity and marketing in sanitary packages. Advertising has resulted in the invention and use of dust, germ and air-proof cartons, boxes and containers.

In spite of the fact that the American public are almost wholly buyers of advertised merchandise, the question "Who pays for advertising?" will invariably be answered by the layman, "The consumer."

The public, that monstrous conglomeration, changeable as a chameleon, will some day be educated in the economics of advertising. It will realize that advertised commodities, to be successful, must give comfort, pleasure or health and that advertising to continue in its present importance to both the advertiser and the public must produce more sales, at a lower selling cost per unit than is possible by the use of any other method.



Armstrong's Corkboard, 2 inches thick was applied over the old roofing on the Eastman Theater Building, Rochester, N.Y.

Insulating this Roof Saved \$1,800.75 the First Year

IN THE winter of 1924-25, 3,043 tons of coal, costing \$5.25 per ton, were burned in the Eastman Theater Building, Rochester, N. Y. Yet even this did not suffice to heat the upper floors properly.

The following summer the roof was insulated with Armstrong's Corkboard, 2 inches thick, laid over the existing roofing. During the next winter, which was colder and more severe than the previous one, the entire building, including the top floors, was heated comfortably with only 2,700 tons of coal, a saving of 343 tons amounting to \$1,800.75—more than 11%.

Complete facts and figures covering the results obtained by insulating the roof of the Eastman Theater Building with Armstrong's Corkboard have been secured by the A. C. Nielsen Company, a firm of investigating engineers. A copy of their report, certified by the superintendent of the Eastman Building, will be cheerfully sent on request. Address Armstrong Cork & Insulation Company, 195 Twenty-fourth Street, Pittsburgh, Pa.; 1001 McGill Bldg., Montreal, Que.; 11 Brant St., Toronto, Ont.

Armstrong's Corkboard Insulation

for the Roofs of All Kinds of Buildings



Our Stake in the Caribbean

BY EUGENE W. CHEVRAUX

RECENT events in Nicaragua have once more focused public attention upon the turbulent states that fringe the Caribbean.

And our intervention in the Diaz-Sacasa scramble culminating in the Ocotal episode has been provocative of comment and controversy by no means confined to the United States alone. But while the controversial phases of the question are argued at great length and with doubtful outcome, the position of the United States Government becomes increasingly clear. Manifestly those in authority decided to put a stop to the Nicaraguan fracas while the journalists and academicians might wax disputatious at their leisure.

Uncle Sam evidently looks upon the interminable strife in the Caribbean with an unfriendly eye and in view of the trend of things there will probably be no change of heart in the future. For without flourish, and indeed unknown to a large portion of our citizenry, we have acquired a vast stake in the Caribbean in the short space of a quarter of a century. There is a \$2,000,000,000 investment at issue and it will not be overlooked when the Caribbean house is in disorder.

Once We Stayed at Home

WHEN the Maine went down at Havana, Key West marked the limit of the American domain. Not even an American coaling station dotted the Caribbean. Our total investment in the area was considerably less than \$100,000,000 and our trade relatively unimportant. Domestic opportunities had kept us busy at home and very little American capital had been available for export. But the passing of the public lands in the West, the completion of the transcontinental railroad systems, the whole westward expansive movement was slowing down by the end of the century.

Hardy pioneer spirits began to cast about for new spheres of activity just about the time of the outbreak of our war with Spain. Suddenly our interest shifted to the south. A short, decisive, struggle took place, and territorial acquisitions followed. With a strong foothold assured by the cession of Porto Rico and Cuba, our rôle in the Caribbean took on a new aspect. The completion of the Panama Canal accentuated the movement and soon the American engineer, merchant, and planter penetrated the innermost recesses of the region and occasionally the Marine followed.

Today, as we take inventory, the result is astonishing. American interests in the Caribbean have reached enormous proportions affecting millions of our citizens in manifold ways.

The major phases of our political penetration in the Caribbean are common knowledge. The story of Porto Rico, the construction of the Panama Canal, and the purchase of the Virgin Islands need not be recounted here. Somewhat more vague is the precise nature of the limited protectorates we exercise over Cuba and Pan-

ama. Few of our citizens are aware of the exact provisions of the Platt Amendment of the Hay-Bunau-Varilla Treaty, but nevertheless they readily buy governmental issues of these republics at lower yields than those derived from similar issues of the leading states of South America or Central Europe.

Undoubtedly the man in the street counts heavily on Uncle Sam's unostentatious tutelage of these republics. Furthermore, the American flag floats over Haiti and Nicaragua, and only a few years ago the chief executive of the Dominican Republic was an American naval officer. Even now we retain a financial guardianship over the insular republic under the terms of the American-Dominican Convention of 1907.

Then there is the American naval base at Guantanamo, Cuba, and the Great Corn and Little Corn Islands off the coast of Nicaragua are leased to us for ninety-nine years. Finally there is the Nicaraguan canal option and accruing rights secured by the Bryan-Chamorro Treaty of 1914. Clearly, the alien Caribbean into which the Oregon steamed is no more. Gradually, and at times almost imperceptibly, the map of the Caribbean assumes more and more the hue of the "Colossus of the North."

But the development of our economic interests in the area has been even more startling. On January 1, 1899, the Spanish authorities turned over Cuba and Porto Rico to the United States in accordance with the terms of the treaty concluding the Spanish-American War. N. T. Bacon, writing in *Yale Review*, gives our investments in the Caribbean area of that date as follows:

Cuba	\$50,000,000
Other Antilles	10,000,000
Central America	11,000,000
Venezuela	8,000,000
Colombia, including Panama	3,000,000
British Guiana	2,500,000
Dutch Guiana	1,000,000
 Total.....	 \$85,500,000

Today our Cuban investment alone has been estimated to exceed \$1,500,000,000. A single American company, almost exclusively a Caribbean enterprise, shows an asset account which more than doubles Bacon's entire 1899 estimate.

Caribbean Investments Grow

THE trading companies of the seventeenth century which committed Britain to the course of empire appear puny in contrast. Dr. Max Winkler, writing in the American Bankers' Association *Journal*, has recently estimated our Cuban and Central American holdings to aggregate \$1,713,900,000. Allowing for an investment of approximately \$200,000,000 in Caribbean South America, the remainder of the Caribbean area would easily account for the balance necessary to swell the total Caribbean stake to \$2,000,000,000.

Coincident with this enormous increase in our Caribbean investment has come a tremendous trade expansion in confirma-

Can Your Company Profit in this Way?

All business property must be kept light, clean and in repair. Frequent repainting can now be done by our method at 60% to 80% of the usual cost.

The cost of hand and brush painting methods need no longer affect the appearance and efficiency of business property. In institutions where maintenance requires an inside man, the ownership of a Binks Spray-Painting Outfit is a marked economic advantage. Machine methods guarantee a smoother finish, a quicker application of any paints or lacquers. Any workman can learn to handle a spray gun as easily as he can learn to handle a paint brush. He can cover 1000 or more square feet in an hour—he can refinish your office and business equipment, trucks, machinery—anything where painting will improve efficiency and appearances; and do it without tying up production.

The BINKS SPRAY-PAINTING OUTFIT

Pays for Itself
Right from the Start

It will save its small cost over and over again. If you own or operate business property, tell us the size and nature of it and our engineers will tell you frankly and definitely how spray-painting will serve your particular purpose and quote you on the type of equipment best suited to your needs. Address our engineering department today.

BINKS SPRAY EQUIPMENT CO.
Dept. M, 3128 Carroll Ave., Chicago

Offices in Principal Cities



Dutch Oven with Bakelite Molded Handle, and twenty of these handles as they come from the mold—produced in a single operation. Made by Aluminum Cooking Utensil Co., New Kensington, Pa.

Multiple cavity molds reduce the cost of Bakelite Molded Parts

BECAUSE of its low heat conductivity, strength, and its permanently attractive appearance, Bakelite Molded is an ideal material for the handles of cooking utensils such as this Dutch Oven. These superior handles may be produced most economically through the use of multiple cavity molds. Twenty of the handles shown are completed in a single closing of the molding press.

An additional advantage of Bakelite Molded for handles of all sorts, is that rivet pins may be firmly embedded during the molding

operation as in the case of the handles pictured here. This fact simplified assembly.

Bakelite Engineering Service

It is our intimate knowledge of thousands of varied applications of Bakelite Materials, combined with our eighteen years' experience in the development of phenol resins for industrial uses that makes the co-operation offered by our engineers and research laboratories so valuable. In important cities throughout the country there are Bakelite Engineers ready to render prompt service in adapting Bakelite Materials to the needs of any manufacturer. Write for Booklet No. 42—"Bakelite Molded."

BAKELITE CORPORATION

247 Park Avenue, New York, N. Y. Chicago Office, 635 West 22nd Street
BAKELITE CORPORATION OF CANADA, LTD., 163 Dufferin Street, Toronto, Ont.

BAKELITE

THE MATERIAL OF A THOUSAND USES

The registered Trade Mark and Symbol shown above may be used only on products made from materials manufactured by Bakelite Corporation. Under the capital "B" is the numerical sign for infinity, or unlimited quantity. It symbolizes the infinite number of present and future uses of Bakelite Corporation's products."

When writing to BAKELITE CORPORATION please mention Nation's Business

What goes on in your business after dark?



BY day, typewriters click and telephones ring; motors are humming and machines are spinning. Everything is up-to-date—efficient. You know it pays.

The whistle blows—then what? Are the methods of the cleaning crew those of the middle ages?

Cleanliness begins with clean floors. Make sure that the floor-cleaning methods, in your office, your factory, your store, are as up-to-date as the other methods you use. It is proof to your employees, tenants, or customers that you serve them *night and day*.

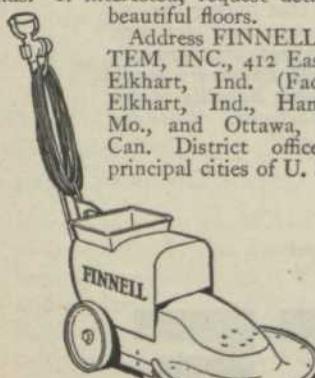
Make Your floors pay dividends

Write for free details on the right way to scrub, wax or polish wood, linoleum, tile, terrazzo—floors of all kinds. In thousands of factories, stores, office buildings—business concerns and institutions of all types—the FINNELL Electric Floor Machine is keeping floors cleaner than hand methods, with far less time and labor expense; it is producing better working conditions, improved morale, greater public good-will.

There is now a FINNELL for Home Use

Delights the housewife with the new floor beauty and cleanliness it brings into the home. Waxes, polishes, scrubs, sands. If interested, request details of beautiful floors.

Address FINNELL SYSTEM, INC., 412 East St., Elkhart, Ind. (Factories Elkhart, Ind., Hannibal, Mo., and Ottawa, Ont., Can. District offices in principal cities of U. S. A.)



FINNELL
ELECTRIC FLOOR MACHINE
It Scrubs It Waxes It Polishes

tion of the familiar assertion that trade follows the dollar. Whereas our combined export and import trade with the Caribbean states was only slightly over \$100,000,000 in the year after the conclusion of hostilities with Spain, the figures for 1926 as given out by our Department of Commerce are a little over \$1,000,000,000.

Where Trade Is Natural

PROXIMITY and diverse resources and climatic conditions combine to augment trade between the United States and the Caribbean area in ever-accelerating fashion. Indeed, the two areas furnish a classic example of complementary economic regions. Perhaps nowhere else on the face of the globe is the desirability, the very necessity of foreign trade development more strikingly portrayed. The great tropical area of the American Mediterranean supplies us with sugar, coffee, bananas, oil, mahogany, chicle, cacao and other foods and raw materials that are for the most part non-competitive and in fact non-reproducible within our borders. In turn the Caribbean states furnish an ever-expanding market for our farms and factories.

In this area leather and cotton cloth manufacturers find their principal export market and, while manufactured articles are in special demand owing to the almost complete absence of industrial development, no region takes a more highly diversified list of American exports. There are very few American products that do not find a ready market in Havana or Colon.

In this tenfold trade development of the past quarter of a century, the investment of American capital in the sugar industry has played no little part. The high per capita sugar consumption of the United States necessitating an importation of over nine billion pounds at a value of \$232,000,000 in 1926, gives one an idea of the magnitude of the investment involved in satisfying the American craving for sweets. This investment is centered in the West Indies and principally in Cuba.

The Department of Commerce in 1924 estimated our Cuban sugar investment alone at \$750,000,000. And later estimates have placed the figure as high as \$1,000,000,000. A few years before the World War American interests gained the lead in Cuban sugar production, and since that time they have been increasing their advantage steadily so that they now account for about three-fifths of the annual production. In addition, other important American investments in sugar production have been made in Porto Rico, the Dominican Republic, and to a lesser extent in Haiti. All in all, American sugar investments in the Caribbean approximate \$1,000,000,000, or just about one-half of our entire stake in the region. Next to sugar, railroads and public utilities attract the greatest amount of American capital in Cuba.

In 1924 the Department of Commerce estimate placed the figures for railroads at \$110,000,000 and for public utilities at \$100,000,000. Aside from the overwhelming sugar investment, American capital in the West Indies has found outlet in the railroads and public utilities of Porto Rico, the fruit and railway enterprises of Ja-

maica, the famous asphalt development of Trinidad, the banks of Haiti and the Dominican Republic, and a multitude of lesser activities.

Passing over to the Spanish Main, we find American capital in Central America largely concentrated in two gigantic enterprises—the United Fruit Company, and the International Railways of Central America. The first of these two companies, our modern counterpart of the famous trading companies of colonial days, shows a balance sheet with assets totaling over \$200,000,000, and yet its activities are almost exclusively in the Caribbean.

Its operations are carried on in no less than seven of the Caribbean states and it is the dominating factor in the economic life of the Atlantic coast of the Central American republics. Operating largely in an area where there has been a maximum of natural difficulties and a minimum of governmental facilities, the company in certain instances has come to be a miniature state within a state. For not only has it been concerned with its own commercial development, but health and recreation, even law and order are often largely in its own hands.

While the United Fruit Company has been principally noted for its development of the banana trade, the company also has interests in sugar, cacao, and coconuts, as well as maintaining many miles of railroad and a large fleet of steamships. In Central America, also, the largest American-owned railroad outside our borders operates—it is the International Railways of Central America before mentioned. The company has its principal sphere of operations in Guatemala and shows an asset account well in excess of \$70,000,000. Its success has been largely due to the efforts of Minor C. Keith, long a dominant American figure in our Central American enterprises. Other investments of American capital in Central America have been made in mining and lumbering enterprises, in public utilities, oil, chicle, coffee, and other developments, but our overwhelming interest has been, and will undoubtedly continue to be in banana plantations and in rail and water transport. In those spheres American capital dominates in decisive fashion.

Money Flows Toward Oil

CROSSING the Isthmus of Darien we reach the mainland of South America. And it is in Caribbean South America that our trade and investments have been increasing at a particularly rapid pace. The reason is to be found in that most spectacular of all economic activities—oil development. While J. B. Osborne, writing in the *North American Review*, estimated our 1912 investment in Colombia and Venezuela at no more than \$5,000,000, the United States Department of Commerce placed the 1924 figures at \$145,000,000. And oil development has been going on at such a rapid pace in the area since that date that the amount now invested probably exceeds \$200,000,000. Furthermore, in view of the ever-increasing world struggle for oil and the unsettled conditions in Mexico there is no let-up in sight.

While in 1921 Venezuelan oil production amounted to only a little over one million

barrels, by 1924 the nine million mark was passed, and in 1926 the Department of Commerce reports Venezuelan exports of oil at no less than 33,462,000 barrels. Colombia's oil exportation for the past year was reported at 4,700,000 barrels by the same source. American capital is also invested in this area in banana plantations, platinum mining, public utilities and other developments. At present, however, oil is the big stake and its importance will undoubtedly continue to grow rather than lessen.

In view of the zealous interest Uncle Sam displays in the governmental finances of the Caribbean states, it is not surprising to find our investments in private undertakings in the Caribbean further augmented by holdings of governmental issues. A considerable amount of the troubles of the Caribbean governments have been of a fiscal nature and foreign intervention has often loomed up as a result.

To frustrate foreign interference in times of Caribbean fiscal difficulties we ourselves have intervened. For example, there is the case of our intervention in the Dominican Republic culminating in the Dominican-American Convention of 1907. In brief it is the story of an accumulation of foreign debts resulting in default and threatened European intervention. To avoid complications and acting under the "Roosevelt Corollary" of the Monroe Doctrine enunciated at the time, the United States intervened. We then proceeded to refund the existing foreign debt through American advances secured by a financial guardianship authorized and given permanent status by the Convention previously mentioned. While one intervention has occurred since that time, the finances of the Dominican Republic have improved tremendously.

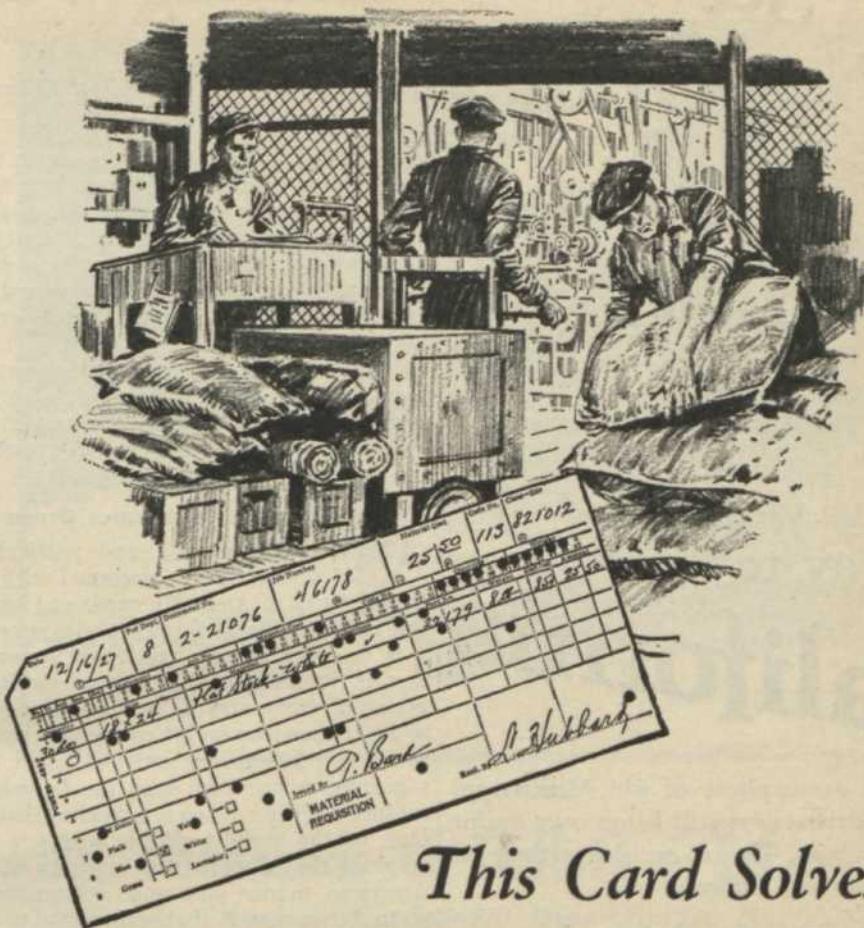
Advantageous Money Rates

TODAY the Dominican Republic borrows at lower rates of interest than Argentina. Similarly our relations with Cuba, Haiti, and Panama have been particularly close, and today practically all of the external debt of these republics is held in the United States. And because of the express or implied financial tutelage involved on our part, their governmental issues are floated at lower rates of interest than those of other Latin-American states. At the present time American holdings of governmental issues of the Caribbean states approximates \$250,000,000 and our recent annual investment in this group of securities has been in excess of \$40,000,000. Only recently a \$25,000,000 Colombian issue was quickly oversubscribed.

And the end is not yet. Our Caribbean stake, already in excess of \$2,000,000,000, is augmenting steadily. Of course along with increased investment goes increased trade, and with them both a constant upbuilding of mutual interest and interdependence that will not brook interruption.

Without venturing any opinion as to the relative merits or demerits of particular policies that we might adopt in the Caribbean area, certain it is that the rank and file of our people must become somewhat familiar with our stake in the Caribbean before we can embark upon any intelligent, national policy respecting it.

WHEN POWERS ANALYZES CONSUMPTION OF MATERIALS



This Card Solves

The Mystery of the Storeroom Exodus

It tells you not only what goes into the product itself, but the supplies that were needed to make it.

The Powers cards themselves are the requisition blanks. After the storekeeper has issued the material they are punched and become basic storeroom inventory records. But they are more than receipts for the material issued.

Used with Powers accounting equipment the cards are sorted mechanically by job or order number to produce automatically the total of material that entered into the product. When arranged by account number they total the indirect supplies. Sorted by commodity and department they show clearly the materials consumed to produce a definite quantity of product and disclose whether or not there is a waste of material either in the product itself or in the operation of the plant.

A large clerical force could slowly dig out the figures. But Powers produces them in printed form instantly and economically.

Let our new bulletin tell you all about it.

POWERS ACCOUNTING MACHINE CORPORATION
Division of Remington-Rand, Incorporated
374 Broadway, New York City

POWERS
ACCOUNTING MACHINES

POWERS PRINTS NAMES AND WORDS AS WELL AS FIGURES

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New Orleans**



*The Romance of Cotton
along the Levees*

on your
way to

California

THE atmosphere of old Mississippi steamboat days still hangs over quaint New Orleans. Plan to stop over there on your way to California

Via the Palatial
SUNSET LIMITED

Visit the old French quarter—see relics of the Spanish regime—explore busy markets—dine at quaint restaurants—visit the Haunted House and the Duelling Oak, and enjoy a hundred delightful experiences.

Then board the famous *Sunset Limited* or the *Argonaut*, leaving New Orleans daily for Los Angeles, San Diego, and San Francisco.

Southern Pacific offers You Four Great Routes for Trans-continental Travel.
Arrange to return over the:

Golden State Route: through El Paso, portal to Old Mexico; via Kansas City, Chicago.

Overland Route: along the American River Canyon and across the Great Salt Lake to Chicago.

Shasta Route: North via Klamath over New Cascade Line—Mt. Shasta, Portland and the Pacific Northwest.

For information and literature write, phone or call your nearest Southern Pacific representative

New York: 165 Broadway and 531 Fifth Ave. at 44th St. Chicago: 33 West Jackson Blvd. New Orleans: Pan. Am. Bank Bldg. Houston: So. Pacific Bldg. Los Angeles: Pacific Electric Bldg. San Francisco: Southern Pacific Building.

**Southern
Pacific**



Insuring Our Boats at Home

BY H. A. SMITH

President, National Fire Insurance Company

DISCUSSIONS of the American merchant marine have for so long a period borne the defensive air of a national pride which feels the necessity of self-assurance, that it is difficult to avoid the same subconscious background in treating the allied subject of American marine insurance.

But in the latter case such a starting point would be wholly the result of a lack of information, and of a too complacent acceptance of the fading tradition that all roads of the sea lead to London.

American Ship Insurance Grows

AMERICAN business, and particularly that division of it concerned with the financial risk of American goods and American hulls moving in foreign trade, is beginning to appreciate the truth that American marine insurance, following an inevitable period of temporary depression subsequent to its tremendous sprint during the war, is now entering, vigorous and well paced, into a genuine competition with the British insurance market. When it is recalled that the bulk of the world's gold is within a few steps of the offices of the majority of the American marine insurance companies, it is to be expected that proximity to the new nerve center of the world's money market should produce such a new acceleration.

The growing force of public confidence back of the American marine insurance companies is due, in the main, to four well-defined reasons which are so simple and fundamental as to assure a continued healthy expansion of this phase of American enterprise.

The first of these four tenets centers about the element of Time. The familiar figure of this venerable old man once demanded considerable respect, but in the present century has been dealt a series of body blows by the successive attacks of the cable, telephone and radio, and is lately threatened by the spectre of television. But Time, no matter how often he may be "annihilated" by new inventions, remains ever a factor of unquestionable force.

An American business house which has suffered a loss covered by insurance in a London office must, in a case of any great size, await the ultimate decision of London executives; the case in all its details must be forwarded to London and considered there, and possibly investigated in another part of the world under instructions flowing from sources which are on account of the time element if for no other reason, only related to the assured by communications necessarily formal and channel-worn.

On the other hand, an American company whose responsible officials are within telephone call (we discount, you will observe, the possibility of the assured's maintaining a London telephone call-box equipped with a \$75 bell) is by the nature of things capable of more immediate and personal touch with the assured, with all the con-

sequences that personal contact entails—a more ready understanding of local trade problems and a reduction to a minimum of delay and over-formalization of insurance matters.

The second consideration, and one which goes arm in arm with our first point, is the problem of distance. Except for the tradition already mentioned that the chart of foreign trade should number its parallels of longitude as east or west of Greenwich, no reason can be assigned why consignor and consignee, dealing with banks and insurance agents in their respective cities, should look to a third and possibly far distant point for the adjustment of insurance losses.

An American commercial house ordinarily keeps its principal banking account in its own community and not in London, regardless of how traditional the financial dominance of that metropolis might once have been. In like manner, no good reason suggests itself why a commercial house procuring insurance on its shipments and suffering a casualty should look to a distant clearing house for reimbursement.

Nor is the argument of distance one applicable exclusively to the benefit of insurer and insured. A broker who may be in personal contact, not only with his client, the assured, but also with the officers of the insurance company, has a distinct advantage over a brother broker whose personal contact with a client is offset by the disadvantages of long-range contact by letter and telegraph with the insurance companies with whom he places the risk.

The third reason which we are about to suggest would fifteen years ago have been considered as heresy, nothing less:

The Advantage in Our Money

A DOLLAR is the world's most stable monetary unit, and superior in that respect to the English underwriter's pound sterling. Britain has restored the stability of her currency since the war at a sacrifice justifying the admiration of the commercial world. But a nation which, more than eight years after the war, finds her domestic industrial situation stagnant, and the fires under her industrial boilers still menaced by the overflow of unemployment, can keep her currency at par only by the sternest sort of belt-tightening.

An empire whose foreign trade was not only responsible for the creation of her colonies, but also remains inseparably bound up with the prosperity of those colonies, is of necessity an exponent of the commercial equivalent of what the newspapers call "imperialism," and her commercial prosperity must, to a large extent, depend on the prestige of empire. British Oriental trade is at present faced with a staggering problem in China. The developments during the last ten years which have made the maintenance of British prestige in the Orient a matter to be enforced by the bayonet may, in the next

fifty years, find counterparts directed toward British commercial security in other parts of the world, notably India.

With the presentation of each such problem necessitating the expenditure of resources, time and energy, British commerce takes a cumulative blow, no matter how great may be its sturdy recuperative power; and the force of every such blow is transmitted over every part of the nervous system of British commerce, of which the business of marine insurance is no small organ.

There are few readers of this article who are not, in their own minds, confident of the continued steadiness of the dollar as the world's strongest monetary unit, backed by the world's greatest gold reserve.

If this be so, the advantages to an American-insured merchant, manufacturing goods in terms of dollars, to be had from a steady assurance that his losses will be compensated in the same units which it cost him to produce the goods lost, is too plain to need amplification.

American Laws for Americans

OUR fourth and last issue, and again one which would have justified some measure of apoplexy among British readers a quarter of a century ago, is a comparison between English and American laws affecting shipping and marine insurance.

It is not the purpose of this article to criticise the English commercial and maritime law nor its administration, nor to weigh, one against the other, the merits of specific conflicting American and English doctrines relating to marine insurance.

But a moment's reflection will indicate the advantages to an American business man dealing customarily with American courts through American lawyers, if he is able to make his insurance contracts in the same confidence of the familiar construction which governs his rights and obligations under commercial contracts.

It is becoming increasingly the fashion in England's insurance relations with the rest of the world shrewdly to provide that all differences shall be arbitrated or otherwise adjusted in London.

It frequently happens that either by stipulation or for jurisdictional reasons litigation or arbitration between an American assured and his English underwriter takes place in London.

This disadvantage, undesirable as it may be to the American, is augmented when his insurance contract, made in this country, is subjected—by its London-dictated terms—to the English law and English rules of construction, whereas the terms of an American policy may by similar stipulation in the body of the contract be made matters to be decided under American law and under American construction, no matter whether trial be in the United States, England or elsewhere.

In concluding this presentation of the merits of the American marine insurance market, we wish once more to disclaim any appearance of a Fourth of July demonstration, and again to affirm solemnly our friendship for and appreciation of English competition.

As far as we are concerned, King George may visit Chicago as often as he likes.

Waukesha Engined Haiss Snow Loader in New York



CHESTER S. RICKER
N.Y.O.H.

Saving Thousands of Dollars a Day

Portable Gasoline Engined Equipment Does this for New York

"NEW YORK SNOWBOUND" used to be a stock headline after every heavy snow. Each year the snow storms come but gasoline engined equipment has cut days of lost time from snowbound thoroughfares, to hours. The savings to business by this prompt snow removal are estimated in millions.

WAUKESHA powered equipment has been unusually prominent for this snow fighting. The portable industrial heavy duty gasoline engine makes it possible to use powerful mobile equipment that was never available before its advent. The saving in man power is small compared with that of time.

SNOW LOADERS with their creepers crash into windrows of snow and load huge 8-yard trucks quicker than 50 men could do it. In fact they clean up four or five times as much mileage as an army of men can and in less time.

SWEEPERS AND SNOW PLOWS open up the traffic lanes so that during many snow storms traffic does not stop at

all. Heavy four-wheel tractors are needed to drive the plows where this is done and Waukesha engines are used in these.

MOBILE CRANES remove the deep drifts that accumulate along the sides of the streets. Universal Cranes, all equip with Waukesha engines, using three quarter yard clam shell buckets, clean up the big drifts in New York City.

PORTABLE COMPRESSORS made by Ingersoll-Rand and using Waukesha Engines are used to clean up the packed ice on the side streets, making it possible for 2 men to replace 16 men with picks and shovels.

PERHAPS YOU have a power problem requiring portable gasoline power. We can furnish engines or completely enclosed power units varying in size from 20 to 125 horsepower and our engineering advice is yours for the asking without charge or obligation. Just have your secretary put this in the mail with your card. We will do the rest.

Waukesha
Ricardo Head

HEAVY DUTY GASOLINE ENGINES

G-783-2N

No. 7 of a Series

WAUKESHA MOTOR COMPANY
Waukesha **Wisconsin**

Exclusive Builders of Heavy Duty Automotive Type Gasoline Engines for Over Twenty Years

Are You Getting Your Share of Business from this Rich Area?



THIRTEEN MILLION CONSUMERS live in these six southeastern States of which Spartanburg is the trading center.

Business has been "good" for years in this rich Spartanburg area. (See map above.) It does not fluctuate from "good" to "poor" as in other sections.

20 Large Concerns Distributing From Here Reap Annual Harvest in Sales

With branches established in Spartanburg, these twenty of the country's largest concerns have found that southern merchants and southern consumers favor "home industry." Their sales volume increased rapidly while selling costs decreased almost as rapidly.

Get All the Facts

This Survey, free for the asking, Tells All.

Write today for copy of the "Marketing Survey of the Spartanburg Trading Area." It may disclose sales possibilities more favorable than you ever suspected. Write today.

INDUSTRIAL COMMISSION, CHAMBER OF COMMERCE
1400 MONTGOMERY BUILDING - SPARTANBURG, S. C.

SPARTANBURG

The Hub City of the Southeast

SOUTH CAROLINA



TRANSPORTATION: Two trunk lines to the Middle West—two to the Atlantic Coast—on the main line of the Southern Railroad from New York to New Orleans.

TRAVELING: Thirty-three passenger trains in and out of the city every twenty-four hours. A network of bus lines covering the territory. Large, modern hotels everywhere.

AIR MAIL: Regular stop on U. S. Postal Air Mail Route, six hours to New York.

TAXES: "No taxation tricks." Taxation basis very favorable to successful industrial operation.

PRESTIGE: A progressive, well-known city—at present used as a Southern Distributing Center by more than a score of national manufacturers.

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appearing in this magazine may be ordered from us at cost. Or we will give permission, upon request, to reprint NATION'S BUSINESS articles with credit.

Recent Federal Trade Cases

THE Commission recently announced that it had moved the United States Circuit Court of Appeals for the seventh circuit to dismiss the proceedings instituted by the Commission against an educational society of Chicago.

The educational society had been ordered by the Commission to cease and desist from representing to customers that the usual prices received by it for any books were greater than the prices at which they were offered to such customers, when such was not the fact; from representing any book or publication for sale as bound leather when such is not the fact; from offering customers honorary memberships in the society; from advertising that the publication has been officially adopted by twenty-four states or any state.

Following the issuance of the order in 1923, the Commission learned that the society was not observing it. The Commission took the case to Court of Appeals to ask for enforcement. In recent months the society has informed the Commission that it is making efforts to comply with the original order and the Commission asked the court to dismiss the case. (Docket 994.)

THE Commission is making inquiries into alleged misbranding of products by a leather company of Girard, Ohio; an individual of Chicago, who sells spark plugs; a paint and varnish company of St. Louis; a tool works of Marion, Indiana; and a cigar company located in Philadelphia.

Inquiries are being made by the Commission into alleged misrepresentation of competitors by a baking powder company of Chicago. (Docket 1127.)

Inquiry is also being made by the Commission into certain practices of advertising and publishing agencies with reference to rates of commission received for advertising. (Docket 1251.)

Alleged restraint of competition and creation of monopoly in the manufacture, purchase and sale of radio devices and apparatus and other electrical devices as well as in domestic and trans-oceanic radio communication and broadcasting, by eight electric companies, will be the subject of an inquiry by the Commission. (Docket 1115.)

The Commission is making inquiries into alleged attempts to maintain resale prices by a company of Bloomfield, New Jersey, which manufactures and sells medicine, and by a company of Jackson, Tennessee, which also sells medicine. (Dockets 1470 and 1469.)

THE Federal Trade Commission is releasing for publication from time to time statements of rulings where the practice complained of and found to be unlawful has been discontinued by stipulation and without the issuance of complaint.

Stipulation 65 provides that a corporation engaged in the sale of knitted garments discontinue the use of the words "All Wool" in advertisements, catalogs, circulars, and other printed matter when the products were not manufactured wholly from wool.

Stipulation 66 provides that an individual engaged in the sale of men's wear discontinue the word "Silk" in his advertising when the products were not manufactured either in whole or in part from silk.

Stipulation 67 provides that a corporation engaged in the manufacture and sale of shirts discontinue the same practice as described in Stipulation 66.

Stipulation 68 provides that an individual engaged in the manufacture and sale of varnishes and similar products discontinue the use of the word "shellac" in connection with his trade name as a brand or label for his products or in any other way that may imply to the public that the product is composed of pure shellac when it is not.

Stipulation 69 provides that an individual engaged in the manufacture and sale of mattresses discontinue the use of representations or

labels implying the material of which the mattresses were made to be new and the use of the word "cotton" in their advertising when the material used is other than cotton.

THE American Soft Wheat Millers Export Corporation has filed papers with the Commission under the Export Trade Act (Webb-Pomerene law) for the purpose of exporting flour. The Export Trade Act grants exemption from the anti-trust laws to an association solely engaged in export trade providing there be no restraint of trade or any attempt to enhance or depress prices in the United States.

THE Northwest Dried Fruit Export Association has filed papers with the Commission under the Export Trade Act for the purpose of exporting dried fruits.

Copies of the Commission's complaints, respondents' answers, and the Commission's orders to "cease and desist," or of dismissal may be obtained from the offices of the Editor of NATION'S BUSINESS, Washington, D. C., without charge by reference to the docket number. Transcripts of testimony may be inspected in Washington, or purchased at 25 cents a page from the official reporter, whose name is obtainable from the Commission.—The Editor.

In Industry's Power Plants— **Crystolon** Brick



Another Norton Product

In the form of grinding wheels the Norton electric furnace product trademarked "Crystolon" is well-known throughout the metal working industries. And in another field it is gaining distinction, too. Crystolon Brick is reducing refractory costs in industry's power plants.

A heavy duty product for use where boiler operating conditions are exceptionally severe. The extreme hardness of silicon carbide (Crystolon) gives a brick that is strong and dense—that will resist the abrasion caused by mechanical stokers and to which clinkers will not adhere. The exceptionally high refractoriness of Crystolon Brick enables it to withstand the highest temperatures encountered in boiler furnaces.

NORTON COMPANY
WORCESTER : MASS.

NORTON

Grinding Wheels
Grinding Machines



Refractories—Floor
and Stair Tiles

ARIZONA Phoenix

+++ the *new*
winter playground

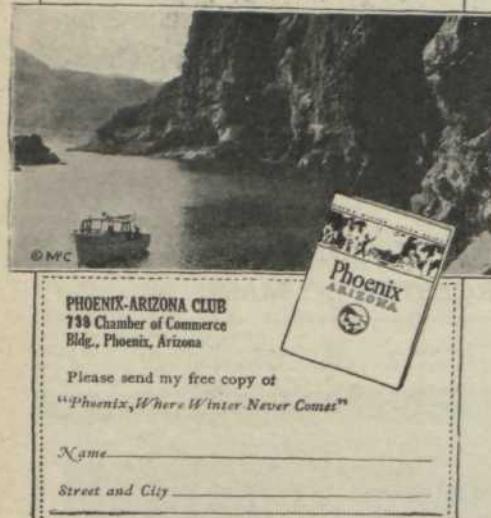
Where *Roses* bloom at Christmas!

 **E**VERY OUTDOOR
SPORT... *Mountain*
and Desert Scenery
... *Brilliant Sunshine*,
all day... every day!

How would you like to pick roses—or oranges—or big, juicy grapefruit for the breakfast table—*NOW!* You can do this, any January morning, in Phoenix.

No "winter" here! It's "60", with blue sky and sunshine, when Chicago and New York are fighting demon blizzards. You'll love Phoenix... with its warmth, color and outdoor recreation,—aeroplaning, for instance, all year round. Come—*NOW*—and maybe live here where the sun always shines! Winter rates, Santa or Southern Pacific. Stopovers on all tickets.

Turn in on Station KFAD,
Phoenix, 273 meters. Tuesday, 10:30 P.M.,
Eastern Time



**LITHOGRAPHED
LETTERHEADS**

\$1.25 per 1000

IN LOTS OF 50,000
25,000 at \$1.50—12,500 at \$1.75 or
6,250 our Minimum at \$2.25 per 1000
Complete—Delivered in New York

**ON OUR 20 LB. WHITE
PARAMOUNT BOND**

A Beautiful, Strong, Snappy Sheet
HIGHEST GRADE ART WORK AND ENGRAVINGS
GEO. MORRISON COMPANY
553 West 22nd St. New York City
SEND FOR BOOKLET OF PAPER AND ENGRAVINGS

Chips from the Editor's Work Bench

By Raymond C. Willoughby

NOT ALL the visitors who marveled at the wonders of chemistry assembled in New York were laymen. And, of course, the amazement of a former president of the American Chemical Society is more impressive than the surprise of the uninitiate in measuring the progress of the science as "almost unbelievable." But Dr. Wiley made a point of qualifying his faith with a distrust of refined foods.

No one lacks for argument that disease is no longer the threat to health and longevity it once was. It is harder to agree with Dr. Wiley that disease has been controlled. Isn't science still a little baffled with many of our ills? And to see food as the chief offender goes against epicurean inclination, granting that there is a world of adage, proverb, and experience to obtain conviction.

The blame for this indictment of food must rest on public taste, which has "so debauched our flour that all vital principles in it that protect health have been extracted." The vitamins go to cows and the remainder to humans. A civilization that can provide better cows only at the expense of "unhealthy people and childless marriages" is seriously out of joint. No hope of solving this food problem by synthesis is held by Dr. Wiley. Vitamins cannot be synthesized, he believes, and food without vitamins is dead and without nourishment. Yet Dr. Wiley probably would be the first to admit that the chemists might contrive to astound him again.

ON J. H. DYER, general manager of the Southern Pacific Railroad, we lean for authority to report that "freight cars are moving faster this year than ever before." His figures reveal that the average of daily travel during the first seven months of 1927 was 29.8 miles, an increase of half a mile over the best previous record, which was made by Class 1 railroads during the first seven months of 1926.

In the difference between 29.8 and 29.3 is the opportunity for tremendous savings. Immediately we can see fewer cars required, quicker turn around, less yard congestion, shorter time for goods in transit, and quicker release of warehouse and platform space. An addition of half a mile to the average day's run may seem to cut a small figure in the national economy, yet it is readily demonstrable that all progress is compounded of fractional gains.

FOR A GOOD many years track and road tests have invited the interest of motor car makers, but it takes no centenarian to remember the hard beginnings of these public demonstrations. The award of a twenty-five-year service medal to Edward Retling, chief tester for the Pierce Arrow Company, revives memories of the rigorous Glidden and Hower tours. Twenty years ago, those contests were rated among the most important directed by the American

Automobile Association. Victory meant world-wide reputation, and sales of cars were largely influenced by the place they won. The roads of those times made every trip an endurance test. A hundred-mile journey put more strain on cars than would a 1,000-mile jaunt over the paved highways now the rule.

In 1908 Retling was a contestant for the Hower trophy, the route beginning at Buffalo and ending at Saratoga Springs, by way of Cleveland, Pittsburgh, Philadelphia, Albany, and a loop through Maine and



New Hampshire, 1,670 miles of rough and rugged going. In case of a tie—and five cars were tied that year—the contestants were required to continue over the route until the tie was broken. Retling and his teammate, John Williams, were declared the winners of the Hower trophy at 2,310 miles. Rated by modern standards, there might be some doubt that cars were cars in those days. But, at the least, the tours convincingly demonstrated that men were men.

CHARLES CASON, vice-president of the Chemical National Bank of New York, is vigorously sure that "scrubs" do not dominate the world of business. He was speaking to the freshmen at the University of Virginia when he said that the business leaders of our day are "big men, men of brains, men of vision, men of honor." It is his observation that the new sort of leader is an educated man, that he is an alert student of social and economic conditions, that he is broad-minded, and that he can think in national and international terms.

And certainly it is becoming increasingly apparent that a new philosophy of business has been established. By the appraisal of President Lowell of Harvard, business is the "oldest of the arts and the newest of the professions." No farther back than the beginning of this century, there was wide respect for the economic doctrine that the man who did the most business and made the most money served his community best. Success in the face of competition commended him mightily. The assumption was that "he was not only creating wealth—a good thing in itself—but also that he was fulfilling the scientific doctrine of the 'survival of the fittest.'"

For all of that traditional belief, we have advanced to a new point of view. Success, we have learned, is a matter of our commercial and industrial interdependence. Neither the high hat nor the high hand will keep us going for long. All the evidence directs

The May Department Stores Company
Famous-Barr Co.

OFFICES
 NEW YORK, 1115 BROADWAY
 BOSTON, 186 LINCOLN ST.
 PARIS, 17 BLV. POISSONNIER
 LONDON, 100 NEW BOND ST.
 BERLIN, 66 A WALL STRASSE
 FLORENCE, 3-VIA TORRASUONI
 VIENNA, VI-BURGERSPITALBASSG, 21
 BRUSSELS, No. 30 RUE DU PORT REUF
 CALAIS, 29 RUE GARNIER

STORES
 CLEVELAND LOS ANGELES DENVER AKRON

OFFICES
 LYON, 3 QUAI ST CLAIR
 BELFAST, 59 SCOTTISH TEMPERANCE BLDG.
 MANCHESTER, 56 MOSLEY ST.
 CHICAGO, 110 N. WISCONSIN PLATE 7
 GENEVA, 12, HAUTSTRASSE 8
 KOBE, JAPAN
 YOKOHAMA, JAPAN
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EXECUTIVE DEPARTMENT

ST. LOUIS June 1, 1927

The American Multigraph Sales Co.
 207 Fullerton Bldg.
 St. Louis Mo.

Gentlemen:

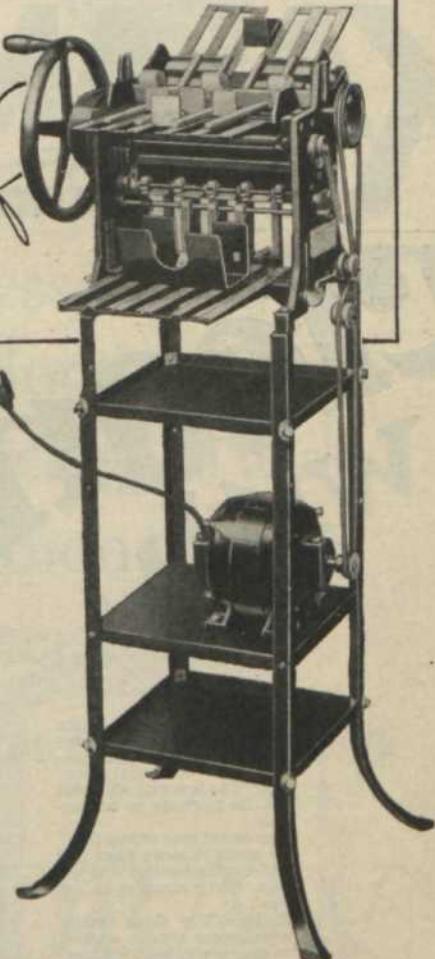
Answering your recent inquiry would advise that for the past ten years we have been using your folding machine on our monthly statements. This, we think, fully answers any question as to its value to us. As for comparison between the machine and hand folding, there is none.

WBL:E

Very respectfully,

FAMOUS BARR CO.

B. J. S.



**Take advantage of this
 interesting FREE demonstration**

At no cost you may use this machine for one week, on your own statements, folders, letters and other work now being folded by hand.

We are so sure that you will immediately see a large possible saving of time and money that you will decide to own the folder—which you can buy on easy terms. It is said to be the only practical folding machine of moderate price suited to the every day needs of any kind of business.

If you decide not to keep it, ship it back at our expense.

To take advantage of the above offer, fill out the coupon at the right, attach it to your business letterhead and mail to

THE AMERICAN MULTIGRAPH SALES COMPANY
 1806 East 40th Street, Cleveland, Ohio

Send me your No. 58 Folder for free demonstration.

Name of Business _____

Street Address _____

City _____

State _____

MULTIGRAPH folder 58



APPLICATION FIRST

Then the Proper Device

Is the policy that has made "KALAMAZOO" pre-eminent in the record equipment field. This policy has been made possible through ceaselessly studying record keeping needs, constantly improving and creating devices and carefully training representatives so that the right device for each requirement will be applied.

Write Kalamazoo first when in need of record equipment.

KALAMAZOO LOOSE LEAF BINDER COMPANY

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Factories at Kalamazoo, Mich., and Los Angeles, Calif.

Sales offices in principal cities

KALAMAZOO

LOOSE-LEAF-DEVICES-AND ACCOUNTING-SYSTEMS

clean with

Paint This Way Save Money



Mechanical Painting with Matthews Equipment reduces the cost of maintenance painting on average jobs by half. On rough surfaces such as stucco, concrete or brick, savings may be even greater—and invariably the painting job is better.

Investigate These

Facts



Write for "Mechanical Painting for Maintenance," a booklet that treats with all phases of maintenance painting, it answers your questions and points out how your appropriation can be made to cover twice as much surface. Write for your copy today.

W. N. MATTHEWS CORPORATION
3758 Forest Park Blvd., St. Louis, U.S.A.

MATTHEWS MECHANICAL PAINTING EQUIPMENT

WHAT is the underlying reason for the widespread use of Oakite materials for industrial cleaning? Why is satisfaction with Oakite methods so universal?

Any one of over 18,000 Oakite users in more than 300 different industries will tell you. *Better cleaning at less cost.*

To learn how these Oakite advantages can be applied to your work, write for practical booklets.

Oakite Service Men, cleaning specialists, are located in the leading industrial centers of the United States and Canada.

Oakite is manufactured only by OAKITE PRODUCTS, INC.
24A Thames St., New York, N.Y.
(Formerly Oakley Chemical Co.)

OAKITE
Industrial Cleaning Materials and Methods

the conclusion that the building and the holding of good will are essential to the continued prosperity of any enterprise. To those purposes we may confidently apply Mr. Cason's simple prescription of "giving honest, intelligent service at a fair price."

THE VIRTUE of associational effort in solving trade problems is in a wider way of acceptance by the quality of its recommendation to the electrical industry. It was W. E. Sprackling, president of the Tubular Woven Fabric Company, who championed the benefits of teamwork to the policies division of the National Electrical Manufacturers Association. New markets must be found, he said. When unsolicited demand is ended, continued concentration on the technical interests will do no service to merchandising questions.

Advertising and intelligent promotion seem more calculated to develop new outlets. Not a one-year campaign, but one of "five years to start with and, if necessary, with increased appropriations," for "it is the fourth or fifth year that will bring results and pay big dividends."

Here is an industry divided into four large groups—the power companies, the manufacturers, the jobbers, and the contractors. Of course, the sales problem affects every group. Progress toward closer cooperation is already a fact when each group realizes its dependence on the others. For "no group can do the job alone. . . . We all want to do something; we can't do it alone, but so far we haven't had sense enough to get together."

No one who knows the accomplishments of trade teamwork through associations is likely to believe that Mr. Sprackling's enthusiasm has run off with his reason in advocating a policy of organized promotion. In his proposal to spend a million dollars a year for publicity is the promising means to greater sales volume. For a three-billion-dollar business, one-thirtieth of one per cent does seem "little enough to spend on such a necessary piece of work."

INDUSTRIAL receptivity to new ideas is not a matter of instantaneous exposure when timed by Charles F. Kettering. "It takes an average of four years from the time you present a new idea until you are prepared to offer it to the customer as a commodity," this vice-president of General Motors told members of the American Chemical Society.

As reasons for delay of acceptance he gave instinct and dislike of change. "The first thought comes from instinct, the second, or perhaps the third, from intelligence, and you must continually present a new idea until you can get intelligent consideration." With that observation there will be ready agreement. Less familiar is the finding that "bankers regard research as most dangerous, and a thing that makes banking hazardous, due to the rapid changes it brings in industry."

Why should we be fearful of change? Good business, as Mr. Kettering took occasion to point out, is not the flow of money, but the flow of useful commodities through the channels of trade. It may require a fine focus of thought to see no difference in importance between searching for a fact

when it is needed, and searching for one when it is not needed. But in the degree of need for the fact is the basic difference between applied science and pure science. But it is not necessary to qualify science to believe that it holds the dependable promise of a more intelligent use of our resources. Chance is still too much with us, for

We find many common things have not been investigated, and we are largely creatures of accident. Our food is accidental, and organic chemistry can probably build better food than a fried egg. The organic chemist has the greatest opportunity, for through his work he can affect every phase of life.

No compliment to our industrial management can be found in the assertion that "all great industries have highly organized departments for the procurement of raw materials, but none has a procurement department for a new idea." Modesty, rather than fact, must have withheld Mr. Kettering from making an exception with his own company's diligent open-mindedness. Even so, he counsels eloquently and to good purpose.

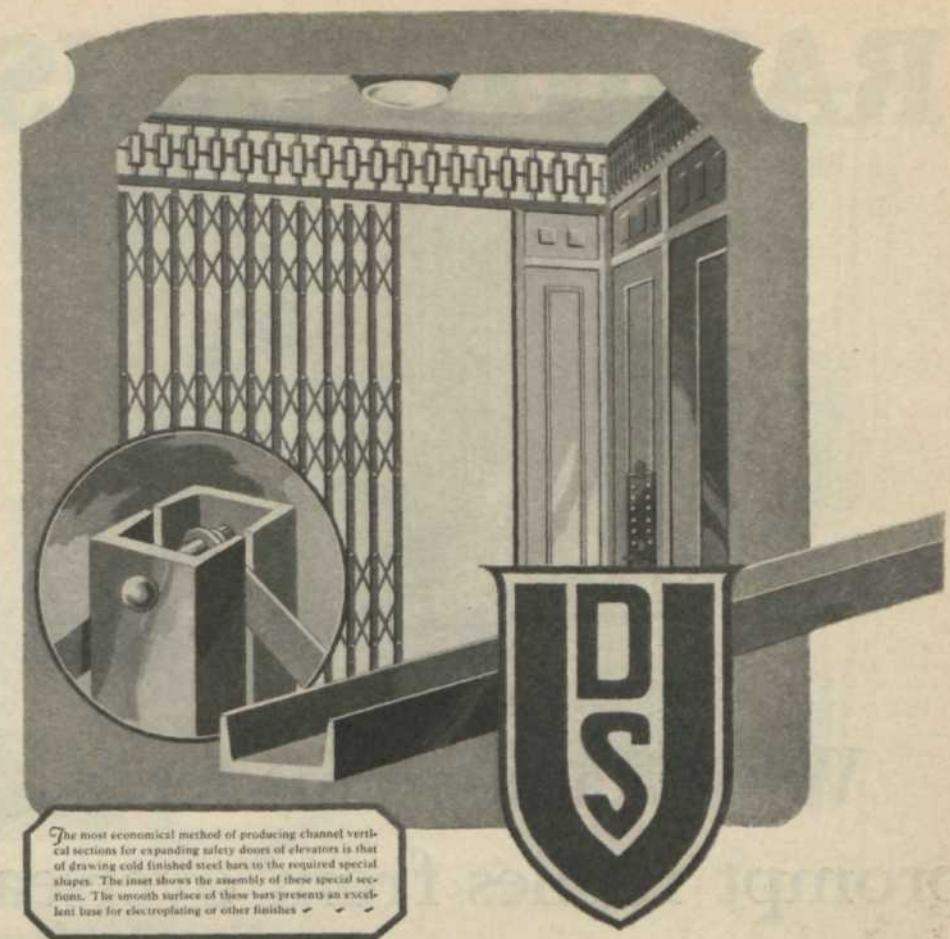
If the popular applause for research is a balance sheet in black figures, it is because "the scientist has really added nothing which the layman can appreciate until he purchases the result as a commodity in which no trace of the scientific background may be apparent." But all our senses report a world of change. First place in the



economic contributions of this age might deservedly go the development of a group of scientific change makers. It will advance us no whit to deny them hospitality in their own times. There is a confident welcome for progress in Dr. Kettering's admonition, "Don't be color blind, and miss the beauty of changes."

MORE gas is going to get into homes and industrial plants if the gas men have their way. Figures circulated at their convention in Chicago show how the meters are reading. Of the 1,300,000 homes using natural gas, 120,000 consume this fuel for heating. House-heating installations were reported by 156 companies manufacturing gas. In 1926 only 71 were selling that service. The gain in installations was 9 per cent. For New England, the number rose from 1,308 to 2,600. Just what this new outlet may mean to the industry is indicated in the belief that, if 5 per cent of the present customers use gas for heating their homes, sales will increase 50 per cent.

Along with the now familiar interconnection of electrical power lines is developing the interconnections of trunk mains for the distribution of gas to industrial users. Chicago's industrial district now has eight interconnections with neighboring gas supply systems. Serving the western side of



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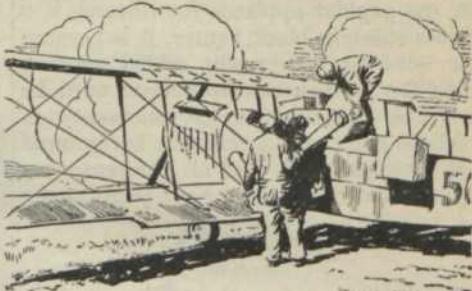
64 Broad Street.....	Hanover 1811	25 East 17th Street.....	Algonquin 7050
120 Cedar Street.....	Rector 0404	264 Fifth Avenue.....	Madison Square 6780
19 Spruce Street.....	Beekman 8220	19 West 44th Street.....	Murray Hill 4996
126 Franklin Street.....	Walker 4991	1824 Broadway.....	Columbus 4311

BOSTON, 109 Congress Street.....	Liberty 8864
WASHINGTON, D. C., 1112 Connecticut Avenue, Main 7400	
CHICAGO, 100 W. Monroe Street.....	Dearborn 1921
SAN FRANCISCO, 28 Geary Street.....	Garfield 4200
HONOLULU, T. H., 923 Fort Street.....	6116

the city is the chief artery, 22 miles long and 4 feet in diameter. Through that tube every twenty-four hours flow 100,000,000 feet of gas, and it is in demand. One customer who two years ago needed only 10,000,000 feet a month now requires 30,000,000 feet—a million feet a day. Twenty-five per cent of all the gas sold in 1926 was used by industries.

Now that gas is an accredited servant in innumerable industrial processes, no long crystal gazing is required to foresee an era of gas production in huge central plants with high-pressure distribution through long-distance mains. Sales for water heating, cooking, refrigeration, and incineration attest the value of intelligent and intensive merchandising. And much to the point is the American Gas Association's expenditure of \$500,000 for research to develop suitable appliances.

TAXES have so long soared in non-stop flights that only apathy now acknowledges the attainment of higher levels. To that rule Ohio provides an encouraging exception. In that state the Association for



Retrenchment of Public Expenditures is showing the taxpayers who spends their money and where it goes.

In one of its bulletins the Association declares that "the schools of Ohio now take 45 per cent of all direct taxes collected in the state." From a statistical table it appears that, in 1900, 829,160 pupils were enrolled, the salaries of teachers amounted to \$8,746,675, and the total expenditures to \$14,266,973. By 1926, according to the Association's figures, the enrollment had increased to only 1,255,323, but the salaries of teachers had risen to \$59,976,393 and the total expenditures to \$140,178,270!

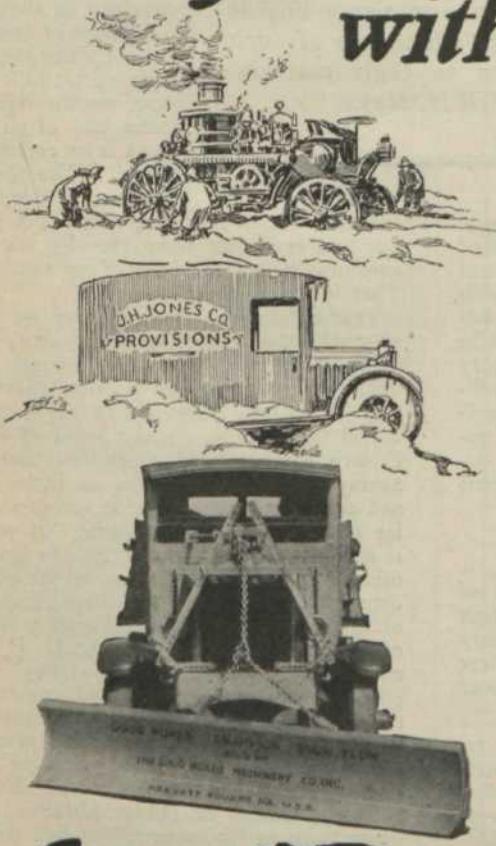
For definition of the Association's position, there is this vigorous statement:

The figures for the later years show a wanton waste of public funds. From 1900 to 1926 the enrollment of pupils increased less than 52 per cent, and the total expenditures increased almost 900 per cent. These figures spell the political graft of the school politician, and the stupidity of his ally, the busybody, the do-good, and the serious thinker, whose activities are largely responsible for them. These huge totals for the later years have been spent without any regard for value received and without any concern as to the ability of the taxpayer to meet the bill. The school janitors, with constant fidelity to the principle of "getting theirs" while the getting is good, are now demanding a pension.

It might be useful to know more about the Association's purpose; it might be judicious to inquire into the policies of the Ohio Department of Education, but there seems no reason to quibble over the Association's plain-spoken belief that "neglect of the taxpayer makes the tax spender bold."



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19-12

News of Organized Business

FULL productive capacity is not being used in many industries. Profitless prosperity results. Local chambers of commerce are striving with tooth and nail to secure new industries. The result is often more production in industries already burdened with unused capacity. This clash of interests presents a serious problem with which the Department of Manufacture of the National Chamber is dealing.

The Department feels that it can help both chambers of commerce and manufacturers to meet this difficult problem. It can help chambers to study intelligently their industrial opportunities and to conduct constructively their industrial development. On the other hand, the department can help manufacturing industry if it is able to curb the establishment of new plants which will only add to the excess capacity of an industry.

Local chambers will undoubtedly undertake fewer unprofitable ventures if the conditions of industries are presented to them. The restraint exercised in this direction will not only reduce the cost of failures but will also release money and energy to be used on well thought out plans for industrial expansion. There will be the positive as well as the negative gain.

The department has already rendered much service to chambers in helping them analyze specific problems. However, it feels that its usefulness can be increased by letting local chambers, bankers, and leaders in civic activities know of this service. Factory location is one of the most important problems now facing industry, and the department's activities should lead to a better understanding of the problem of industrial development. Leaders in civic development are invited to make use of this service.

Taxing Every Pocketbook

SOME time ago William B. Munro of Harvard delivered a speech on "High Taxes and Democracy" which was widely commented upon. The statement is so clear and straightforward that we feel it will bear repeating and careful consideration.

The idea that most of the people pay no taxes is one of the great delusions of modern democracy. Everywhere, in political discussions, we hear talk about taxpayers and non-taxpayers, but a moment's reflection will convince anyone that there is no basis for any such distinction. Taxes fall upon the entire citizenship, and mainly on the ultimate consumer. Everybody who pays rent pays taxes. It is estimated that, in New York City, three months' rent in every year goes for taxes.

Everybody who buys merchandise pays

taxes. The retail merchant passes his burden along to his customers in the price of his goods. So with everyone who travels on a street car or goes to a theater. What a man smokes is not mainly tobacco but taxes, because the excise on cigars and cigarettes has gone up to a point where it often exceeds the cost of the raw material. Taxes rarely stay where they are levied. They percolate into the cost of living all along the line.

One of the big items in the high cost of living is the high cost of government.

Of itself a government earns no income. Every penny that it gets must come from somebody who has produced or saved it. That is a perfectly obvious and simple economic fact, yet many people overlook it. Our national, state, and municipal governments will spend about eight billion dollars this year. That is more than 10 per cent of the entire net earnings of the American people. This expenditure will take something from every pay envelope in the land.

Millions of men and women, since they receive no tax bills each year, assume that the rising cost of government is no concern of theirs. When the gas company or telephone

company raises its rates, there is a great hue and cry. But when the city tax rate goes up, it leaves most of us unmoved. That is the landlord's worry.

This indifference explains why we have so much extravagance in government, especially in city government. People condone this extravagance because they feel that their own pocketbooks are not affected by it. From many years of study I have come to the conclusion that the average American city, big or little, does not get sixty cents in value for each dollar of its payroll expenditure. Of course it gets more in some departments than in others. The ratio is highest in the school department and lowest in those branches of the public service where large amounts of unskilled labor are employed. It is a conservative statement that every large city employs hundreds of men, sometimes thousands of them, who get five dollars a day and give one dollar's worth of work for it—or even less. Did you ever hear of a city employing errand boys? No; it employs, except in public libraries, full-grown men as "messengers" at five dollars a day.

Civil service reformers claim to have abolished the spoils system in our cities, but they have not abolished the spoils spirit. The majority of city employees still look upon political pull as their chief asset and defense. If municipal departments could be put on an efficiency basis, with

political pressure eliminated, the tax burden could be reduced by at least 25 per cent. That is true of practically every large city in the United States.

But apparently the elimination of politics from public business is impossible to achieve by any change in our constitutions, charters, or laws. It costs the people of the United States a billion dollars a year or more, and this enormous waste is steadily increasing. Only a rich and prosperous nation could afford so great a drain on the earnings of its people. And it is a serious question whether the United States can stand it indefinitely.

Democracy is the most expensive form of government yet devised by man. It rests upon the principle that the whole people are entitled to a share in determining what the taxes shall be and how these taxes shall be spent. That would be all right if the masses of the voters realized that the taxes come out of their own pockets. But they cling to the notion that the burden of inflated payrolls and of wasteful public enterprise falls on the banks, the public utility corporations, the landlords, and the big income-earners.

That is why city government, under a democratic system, is conducted in obedience to the law of increasing costs per capita. The bigger the city, the higher is the cost of governing it per head of population. And this for the reason that growth in size is invariably accompanied by a diminishing percentage of property owners.

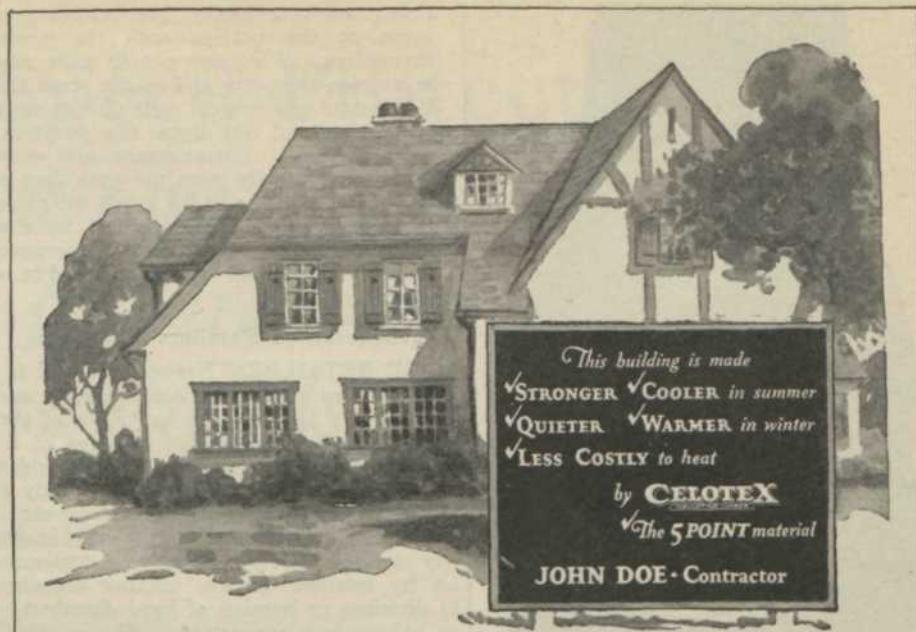
In a small city the percentage of property-owning families may be as high as one-quarter of the whole. In Boston it is now only 15 per cent, in New York City it is hardly 10 per cent, and in the Borough of Manhattan it is less than 3 per cent. When 90 per cent of the people own no property and receive no tax-bills it is easy to understand why the per capita tax burden of New York City is greater than that of any other municipality in the world.

The more democracy you inject into a government, the less efficient and the more wasteful it is bound to be in the conduct of its business. Democracy, as the average man understands it, means that all citizens are endowed with the same administrative capacity and hence are equally entitled to help raise and spend the public revenues. No business conducted on that principle could ever keep out of bankruptcy. Europe has learned this lesson during the past half dozen years. Under the stimulus of an urgent need for rehabili-



tation and economy, one European country after another has been ripping the ultra-democracy out of its political system. We shall do the same if we ever get into a similar situation, but there is no such contingency in sight.

Meanwhile, what is the remedy for governmental wastefulness? There is no need to make any branch of American government less genuinely democratic. We can gain the desired end without any change in the structure of government, either na-



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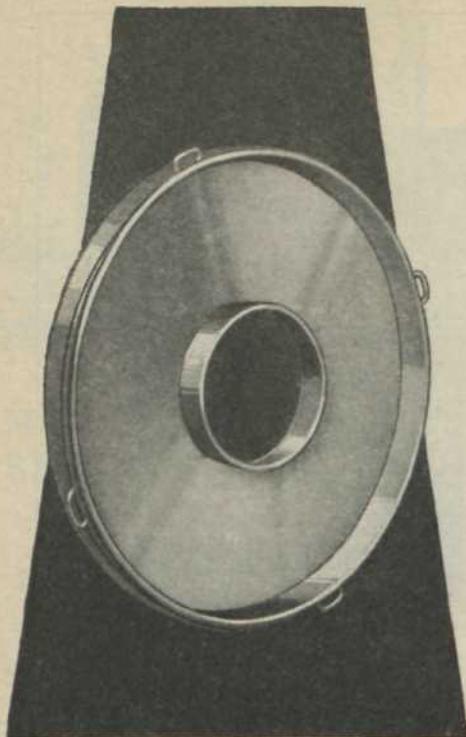
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tional, state or local. The reform must begin at the bottom—with the people themselves. What our people most need is to learn the plain and simple truth that the cost of government falls on the entire population and not upon the propertied element in it. Extravagance and waste bears more heavily upon the poor than on the rich. If the public mind will learn this single, simple economic fact we shall make democracy compatible with economy—and the result will be accomplished in no other way.

Research on Retailers' Problems

THE RETAILERS' National Council is a federation of eight national retail associations. It has recently assembled a staff of trained people under the direction of the manager of the council, Mr. G. V. Sheridan, who will devote their time to the study of retail problems and to the development of plans which may be adapted locally in any city or town. The service may be contracted for by retailers' groups, whether organized as divisions or bureaus of local chambers or as independent associations. The service is not experimental, since it has already been tried by the Ohio Council of Retail Merchants. The service will include information and suggestions with reference to seasonal promotions; publicity directed against those who prey on stores; new departures in protective agreements; traffic regulations; legislative information; handling closing observances; analysis of trade papers; and cooperating locally with national events. Those interested may obtain further information from the Council at 175 South High Street, Columbus, Ohio.

Locating Industries

IS THERE evidence that chambers of commerce are placing their work of locating new industries in their communities on a sound basis?" This question is asked and answered by the Organization Service of the National Chamber in a recent letter. The item continues:

Chambers of commerce are no longer satisfied with industrial surveys so called, which are mere compilations of unrelated facts. They want facts but they want them related so that they may discover at the beginning of their industrial promotion work what new industries would be likely to prosper in their districts. They want them related so that the chamber may draw on them and add to them in preparing special reports for particular industrial prospects.

Further, there is evidence that chambers of commerce in increasing numbers are becoming aware that a sound decision with reference to the location of an industry cannot be arrived at from a local viewpoint alone. A sound decision with reference to a location depends not only upon the facilities of a particular community but upon how these facilities for the new industry in question compare with facilities in other communities. Chambers of commerce are going even further than that. In their investigations in some instances they are raising the question of whether the national conditions surrounding the industry in question are such as to justify the starting of a new unit or the removal of an old unit in the line of manufacturing under consideration. In other words, chambers of commerce are adding a national viewpoint to their local viewpoint in handling their negotiations with industrial prospects. Certainly this is an evidence of a new era in industrial promotion work.

A man not actively identified with chamber of commerce work recently complained to us about what he contended was a lack of understanding on the part of chambers of commerce of the elements which govern industrial locations. We called this man's attention to a statement made by an engineer who has had a large experience in making location surveys for individual manufacturers and in making industrial surveys for communities. This engineer's statement was that the four major requirements of manufacturing enterprises were: (1) labor, (2) power, (3) transportation facilities, and (4) natural resources. We then went over industrial promotion literature with our caller and pointed out to him that chambers of commerce in many instances were stressing these very requirements. Certainly here was evidence that chambers of commerce were not unaware of the important elements governing industrial locations.

Time Is Money

FIRE insurance will provide funds to replace the physical material destroyed by fire, but it takes time to rebuild, repair, or replace buildings, machinery, patterns, material or stock. Losses occasioned by interruptions to business during the rebuilding period are not covered by a fire insurance policy. These losses are often heavy and sometimes are of greater importance than the physical material destroyed. In this day of closer analysis of future earnings and contingencies it is noticeable that this subject is receiving more and more attention from business executives.

Earnings from the use of or from the occupancy of property may be protected by various forms of insurance, depending upon



the nature of the income. The income from property rented to others may be protected by rent insurance, whereas income from businesses may be safeguarded by use and occupancy insurance, or, as it is more accurately called, business interruption indemnity.

The Insurance Department of the National Chamber has recently issued a bulletin on this type of insurance. A copy may be secured upon request either from NATION'S BUSINESS or from the department.

Credit Bureau Operation

THE Massillon, Ohio, Chamber of Commerce recently established a Credit Rating Bureau. The bureau is incorporated "not for profit," and the object is "to foster closer relationship among the merchants and professional men of the city, to disseminate information about credit ratings in the interest of better control of credits to customers and to aid in the collection of accounts." Both a credit and collection file are maintained. Accounts for collections are filed in large envelopes under the debtor's name, and each envelope shows on the outside the different creditors and the envelope contains the different accounts against him. A form letter is used to announce to the

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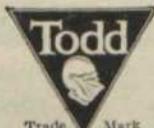
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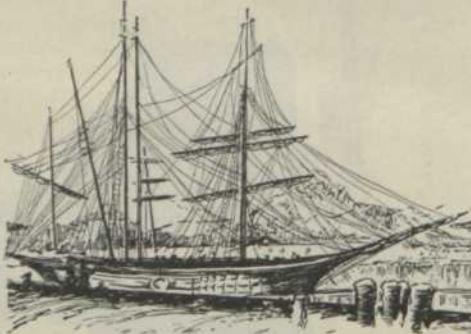
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debtor the accounts against him, and each following notice is a personal letter. If there are several accounts against one debtor, arrangements are usually made whereby he will pay certain sums periodically and the money is prorated to the several creditors. The bureau has given a law firm membership in return for counsel with the understanding that, when a member needs legal help and has no preference, the bureau will recommend the law firm. If an account cannot be collected by the bureau, the matter is turned over to the law firm and the secretary releases all right to a commission. The bureau is in charge of a manager and makes a 10 per cent collection charge to members. The chamber furnishes the bureau with its offices in a part of its quarters without charge, and the bureau otherwise is self-supporting.

Is It Only a "City Beautiful"?

THE phrase "City Beautiful" has pretty well gone into the discard, but a number of chambers still use it as a committee title for want of something better. The Civic Development Department of the National Chamber has constantly emphasized its belief that what we are after is primarily a "city useful" and that when we get that to the nth degree it will necessarily be beautiful, too, because a thing that completely fits its purpose is practically sure to be a thing of beauty. The clipper ship was de-



veloped for trade and when it became most efficient it also became beautiful. The race horse and the Percheron both are things of beauty, though beauty is not the quality their breeders have principally in mind. But many chambers wish to improve the appearance of their towns without waiting for the slow development of civic beauty as a part of good architecture, proper street proportions, etc. They are interested in parks, trees, monuments and other ornamental features. What title other than "City Beautiful" can be given committees engaged in such work? This question has been put up to the Civic Development Department by a member organization. The Civic Development Department would welcome suggestions. "Beauty" has an effeminate sound; give us something virile that expresses a man's town, but a man's town that has regard for order, dignity, a good appearance.

Milk Fights for Your Dollar

AS A RESULT of several years of study of the needs of the milk industry as a whole in the United States and Canada, the formation of the Milk and Milk Products Research Bureau was recently announced.

The aims of the bureau are by educational methods to effect the expansion of the sale of milk as a food to a degree commensurate with the sale of other food commodities, establishment and maintenance of a national standard of purity, enlargement of the volume and increase in

the certainty of milk supply, gain in public knowledge as to the dietary properties of milk, advancement of the vital position of milk in relation to the welfare of the child, enhancement of instruction as to sanitation and hygiene in cow barns and milk plants, promotion of new uses for milk, extension of the scientific knowledge of milk within the industry, cooperation with public health officers, medical bodies, school authorities and the like, systematization of transportation and marketing, improvement in the breeding and feeding of herds and in the growth of feed crops, and statistical and other forms of research the results of which are to be disseminated to the public.

515 New Standards Formulated

THE American Society for Testing Materials, with a membership of 4,300, feels that, in spite of the great amount of work which has been done on standardization, there are still many opportunities for useful work. It is interesting and instructive to compare the 515 standard and tentative specifications, methods of test and definition of terms that are now current to the society with the 164 in existence ten years ago. The increase of over 200 per cent is significant of the Society's growth.

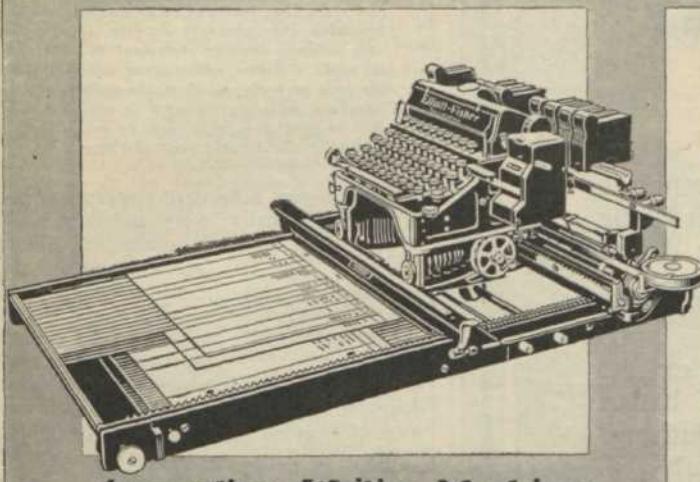
	1917	1927
Ferrous Metals	76	107
Non-Ferrous Metals	19	70
Cement and Concrete	3	16
Lime	3	13
Gypsum and Gypsum Products	1	13
Brick and Refractories	4	16
Pipe and Drain Tile	6	6
Hollow Tile	4
Preservative Coatings	10	47
Petroleum Products and Lubricants	1	30
Road Materials	15	72
Coal and Coke	4	10
Timber and Timber Preservatives	7	10
Waterproofing and Roofing Materials	4	28
Slate	4
Insulating Materials	1	12
Rubber Products	6	14
Textile Materials	3	20
Metallography	1	6
Miscellaneous	17
Totals	164	515

Coming Business Conventions

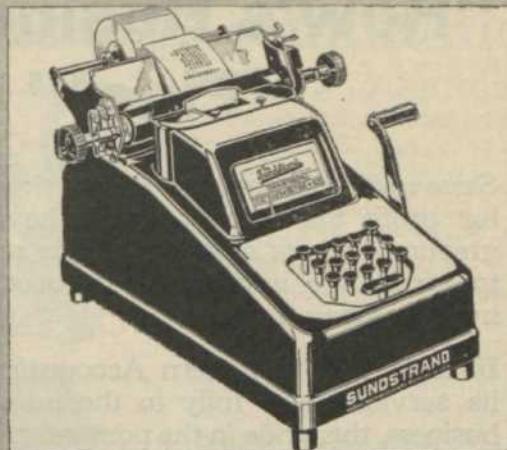
(From Information Available November 1, 1927)

Date	City	Organization
December		
Nov. 30-Dec. 1. Urbana	National Warm Air Heating & Ventilating Association.	
Nov. 30-Dec. 2. Chicago	National Association of Amusement Parks.	
1. New York	American Acceptance Council.	
1-2. New York	Toy Manufacturers of the U. S. A.	
1-3. St. Louis	American Construction Council.	
2. Chicago	National Dairy Association.	
2-3. Pittsburgh	American Pharmaceutical Manufacturers Association.	
4. New York	Insurance Federation of America.	
5-6. Cleveland	National Builders Supply Association of U. S. A.	
5-7. Memphis	Southeastern Association of Dyers & Cleaners.	
6-7. Pittsburgh	National Glass Distributors Association.	
6-8. Chicago	American Petroleum Institute.	
7-8. Chicago	National Association of Piano Bench and Stool Manufacturers.	
7-9. Pittsburgh	Coal Mining Institute of America.	
12-14. New York	Insecticide & Disinfectant Manufacturers Association.	
13. New York	Shoe Polish Manufacturers Association of America.	
14. Barre, Vt.	Granite Manufacturers Association.	
14. New York	Linseed Association.	
15-16. Kansas City	Missouri Valley Sand & Gravel Association.	
20. Philadelphia	Cotton Yarn Merchants Association.	
30. Seattle	Northwestern Tow Boat Owners Association.	

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Often business executives will say, "Oh yes, we have a Budget"—it's good business to have a Budget. Yet a real Budget is as unknown to them as success was to the ragged ancient trader who always answered, "Fine!", to the greeting.

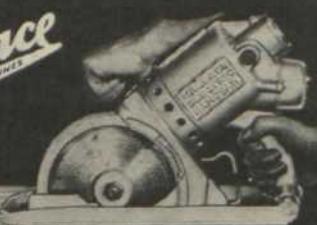
The Budget, in its fullest service, is an absolute necessity today if better business is the aim; or if the old greeting, "How's Business?", is to be answered in truth, "Fine!".

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PRESENT-DAY ECONOMIC CONDITIONS necessitate in practically every industry a careful and constant study of world-wide conditions.

According to the Department of Commerce this is particularly true in the minerals and metals industries. The first step

in rendering more efficient service in this direction has been the formation in the Bureau of Foreign and Domestic Commerce of a Minerals Division which will supplement and assist in the work of the Economics Branch of the Bureau of Mines. This division, the nucleus of which is the former Minerals section of the Foreign and Domestic Commerce Bureau's Iron and Steel Division, comprises three sections: Coal, Petroleum, and Minerals and Metals, each in charge of a specialist in these commodities.

The Minerals Division has been charged with the development and promotion of foreign trade in minerals and metals and their primary products and is responsible for the collection and compilation and dissemination of current foreign trade information. Information is received from the Bureau's fifty-one foreign offices and from the four hundred and thirty-eight United States consulates. The services of specialists in various subjects such as tariffs, commercial law, finance, trade statistics, etc., are also available.

The Department of Commerce invites the Minerals and Metals industries to utilize its economic and technologic services to the fullest degree. Industry, however, should take the initiative in making its special needs known to the Department.

HAMPTON ROADS and the Ports of Porto Rico are the subject of two reports issued by the War Department in cooperation with the

Shipping Board. These War Department reports, like others of the series on ports of the United States and its

Port Studies possessions, give full information with regard to port and harbor conditions, port customs and regulations, services and charges, fuel and supplies, facilities available for service to commerce and shipping, including piers, wharves, dry docks, ship repair plants, coal and oil bunkering, grain elevators, storage warehouses, bulk freight accommodation, floating equipment, wrecking and salvage equipment, railroad and steamship lines, and their charges in connection with terminal service.

A REVIEW OF THE DECISIONS of the courts and of legal opinions affecting labor during the year 1926 is contained in Bulletin 444 just issued by the United

Court Decisions States Bureau of Labor and Opinions Statistics.

Affecting Labor Workmen's compensation continues to cause much litigation. It appears that employer's liability is not entirely superseded, though most of the cases under it relate to railroad employments to which compensation laws do not, in the main, apply. An outstanding de-

cision in admiralty completely reverses the previously accepted position as to the status of longshoremen under the seamen's acts; however, the effect of this decision is greatly minimized, if not destroyed entirely, by reason of the enactment of the longshoremen's compensation act of March 4, 1927.

The development of a harmonious and intelligible body of laws with regard to labor organizations continues, even though the line cannot be regarded as a straight one nor the progress steady. Nevertheless, it is only from a study of such decisions as are presented in this bulletin and in preceding bulletins that the student of the legal aspects of the labor problem can discover the trends of growth and the tendencies toward a recognition of legal personality that seems to be manifested.

FUR DEALERS AND MANUFACTURERS have long been faced with the lack of adequate statistics upon which to base their business calculations. Contributing to that difficulty are rapid style changes and the great number of various kinds of skins imported.

Fur Industry Problems to Be Considered Dressed and undressed furs, for instance, ranked sixth in value in the classified list of commodities imported in 1926, totaling approximately \$110,000,000. The Bureau of Foreign and Domestic Commerce, in co-operation with the National Association of the Fur Industry, has organized a Fur Section of the Textile Division.

The Fur Section will offer its assistance to the fur industry and trade through its Washington office, the district offices, and the foreign office of the Bureau of Foreign and Domestic Commerce.

First of the Cost Studies conducted by the Domestic Commerce Division and functional costs of distributing several hardware items **Whole-sale Hardware** has met with an unexpected demand. **Distribution** This study entitled, "Analyzing Wholesale Distribution Costs," presents the cost of distributing pyrex ware, bolts, lawnmowers and nails, under these headings: selling, office, volume, handling, bulk, turnover, advertising, management and miscellaneous. Application of the results obtained from the study provides a measure of the expense of distributing each item. In 1919, when the system was applied to the entire business of the wholesale hardware concern which supplied the material for this first study, the inventory of the firm listed 12,000 items purchased from about 700 manufacturers. When the cost study revealed that certain lines were not profitable the inventory was reduced, until in 1927 it contained 6,500 items purchased from 450 manufacturers, with further reduction expected.

The cost analysis also afforded a measure of the profit of individual accounts. A rough approximation of the cost of each sales visit indicated that accounts which did not show purchases totaling at least \$600 per year were decidedly unprofitable. When this measure was applied to 1,432 retail accounts, nearly half fell into the category of unprofitable business. The elimination of these accounts reduced the sales territory about 33 per cent and, together with a reduction in items carried of 30 per cent, decreased the sales volume 33 per cent. After a three-year operating test in the restricted area with a reduced line, it was found that the dollar volume of net profits had increased 35 per cent, while the relation of net profits to sales had increased 68 per cent. Operating costs were reduced by 4 per cent of gross sales below the average for the wholesale hardware field.

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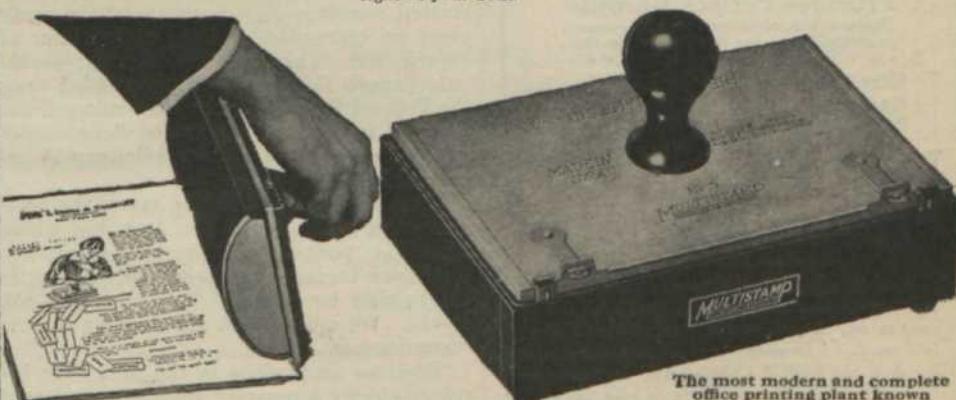
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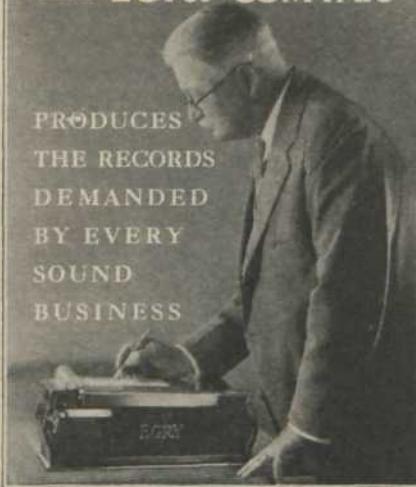
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No. 5 Outfit—Letter size, with complete equipment, including Black Enamelled Container, 24 Stencils, Ink, Stylus Pen, etc. (F. O. B. factory—weight 5 lbs.) . . . \$25

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Business Views in Review

By ROBERT L. BARNES

IS BUSINESS good or bad? Or does "profitless prosperity" best describe the situation? There is certainly no consensus of opinion on the matter, and the point of view seems to depend on the size of the dividend checks one receives.

Commerce and Finance says: "The story of last week's business may be summarized by saying that President Coolidge expressed enthusiastic satisfaction with our present prosperity and the prospects for its continuation, and the stock market declined more violently than at any time since last August.

"These apparently incongruous facts epitomize the entire business situation, for during most of the year we have watched the discordant combination of a moderate recession in trade and industry and a rising stock market, and now it will be no more illogical to witness declining prices for stocks even if, as many expect, business shows the usual seasonal improvement this autumn.

"The problems that now confront the business man are not those of commerce or industry, but of finance.

"The complete stabilization of business has never been achieved and as change is the law of life we shall probably continue to have ups and downs until the end of time.

"But it must be admitted, nevertheless, that by either accident or design, the level of prosperous activity in America has been remarkably well sustained for the last 12 months or more, and that even now it is difficult to discern any significant recession. . . . The important thing to remember is that there is no commercial congestion anywhere in this country. . . . The result is that in proportion to their business merchants are borrowing but little, and that they are under no pressure whatever to force sales."

However, the article goes on to point out that the same cannot be said of the financial situation. "Lacking mercantile employment, our superabundance of credit has flowed into the stock market, where it is being used to buy or finance a mass of newly created securities on a basis that is in many cases an expression of hope rather than of experience." This situation, though, should only disturb the conservatively-minded since the Federal Reserve Banks have enlarged the basis of credit and impounded "our supply of gold so that its reserve efficiency is in calculably increased."

There has been a flattening out of the business curve according to *The Iron Age*, which takes the position that under present-day conditions business can neither ascend to its old heights nor can it descend to its old depths. We must adjust our thinking to new circumstances.

"Business depressions in the past have involved chiefly a recovery from excesses. One great excess was overextension. . . . Time had to be allowed for the country to grow up. The increase in facilities in the past few years has come about not so much by the construction of new units as by increases in efficiency. . . . The argument bears on the course of general trade and does not have universal application. It does not suggest that business failures will not increase nor that the stock market will stay up."

An editorial points out that conditions are very much mixed. That some industries have been very prosperous while others have been having very hard times. "In brief, we have been having a selective prosperity and a selective bull market in securities."

The American Metal Market attributes the rise in the stock market to the fact that there is a new force at work which makes it hard to gauge the markets by precedents. This force is "the absence of private investment opportunities in keeping with the amount of capital available for investment.

"There is absolutely no question but that some funds are going into investment in stock market leaders which under familiar conditions of the past would have gone into private enterprises. There is not as much new enterprise as this country needs if it is to continue its advancement."

Perhaps it would be wiser to substitute "activity" for prosperity in the phrase "profitless prosperity."

"It might be well, therefore, to end this discussion about prosperity by taking the position that we are not in a state of prosperity but in a state of depression. Practically everyone feels more or less depressed, though some do not admit the feeling, at least in print.

"If we admit a state of depression, we save the trouble of discussing what brand of prosperity we are experiencing, and we perhaps also remove the fear that this engenders that we have before us a law of depression at some time in the future. If we admit we are in a state of depression we are then ready to attempt the contriving of means to get out.

"One course is to pursue with more vigor if possible the course of reducing wastes and improving methods generally. Another course is to branch out more, seeking new commodities and forms of service which will 'take.' When materials and labor are readily obtained is a time to branch out, if one can branch out in the right direction."

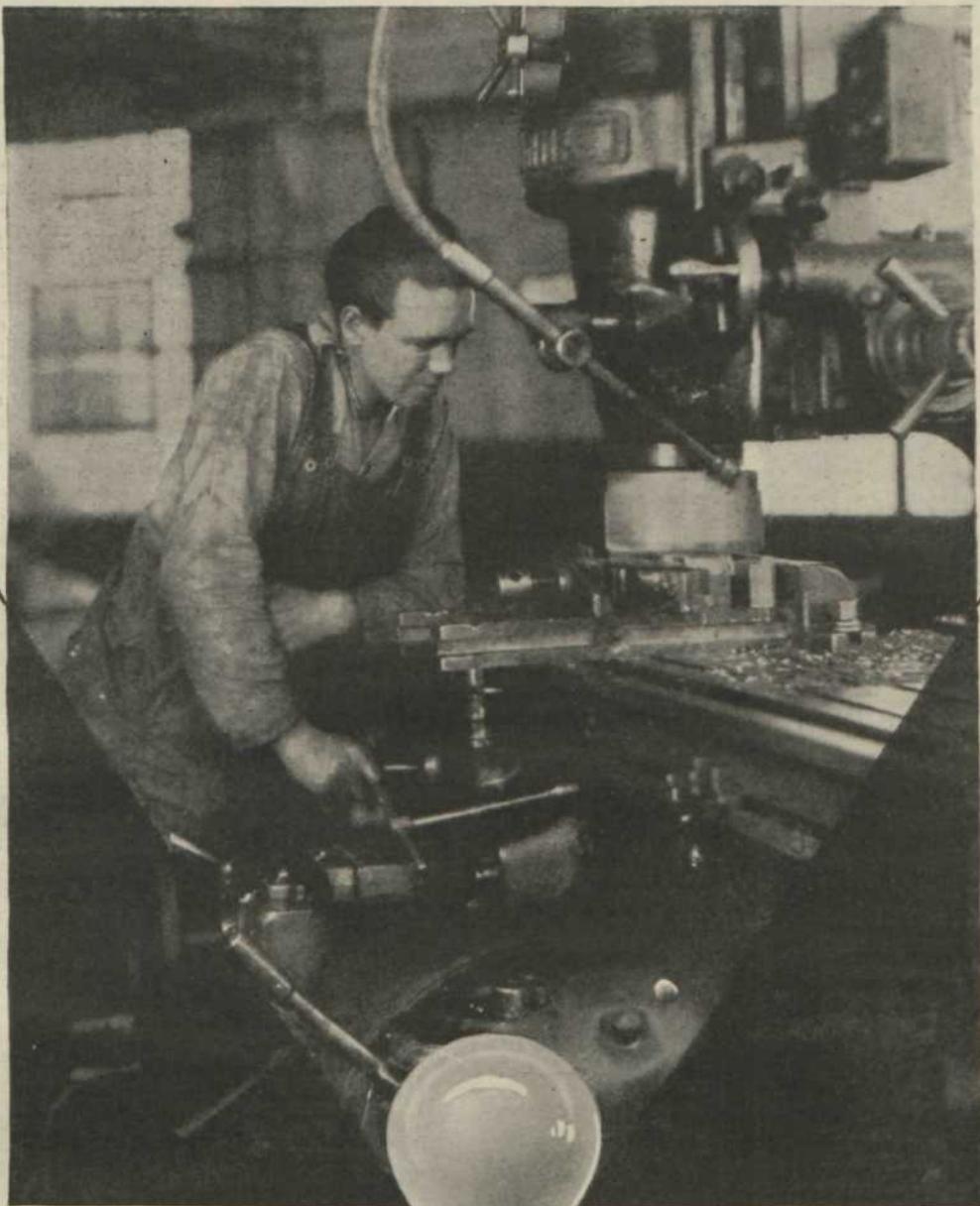
Trade and Industrial Research Meets with General Acceptance

INDUSTRIAL research is handled in three distinct ways according to the *Index*. First, an individual corporation may set up its own research department to develop its own product. Second, trade associations may undertake laboratory and field work for an industry since research is expensive. Third, governmental and institutional facilities may be employed.

"In recent years the Bureau of Standards at Washington has been expanding its usefulness as a laboratory for industrial research. Any manufacturer having research problems to work out may use the facilities of the Bureau and this work has been especially helpful in making tests of new devices and new materials.

"Founded in 1901 the Bureau of Standards is a large institution like a university with a total staff of 785 experts and technicians and a library of some 27,000 books in several languages. During the last fiscal year the Bureau made approximately 180,000 tests at an operating cost of \$2,000,000. It is estimated that the Bureau saves the United

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States Government about one hundred million dollars each year by scientific analysis of the goods the Government buys. . . . Colleges and privately endowed institutions also carry on research which is of direct benefit to industry. Most of this work, however, is intended for future benefit rather than for immediate needs."

The article then goes on to point out various industries in which research has played an important part, such as paint, meat packing, sugar, lumber, gas, etc. Research into the costs of production in the textile industry "has transferred the center of activity from New England to the South." The question of how much to spend on research is a difficult one to answer. "No amount seemingly would be too great when the results are measured in comparison with what has already been accomplished."

Plans for the raising of a million dollar fund for the permanent endowment of leather research by the tanning industry are discussed by *Chemical and Metallurgical Engineering*. An editorial commends this idea saying:

"If these plans can be successfully consummated the leather industry will have placed industrial research in at least one field entirely beyond the fortunes or misfortunes of its trade association.

"The significance of this move can well be appreciated by those who have found it necessary to 'sell and re-sell' the industries each year on the value of organized research. Progress will, perhaps, be less spectacular under such conditions, but certainly it should be more substantial and of greater usefulness. The Tanners Council is to be congratulated in its pioneering endeavor."

There are now nine hundred and ninety-nine industrial laboratories listed by the National Research Council. The original list compiled in 1920 included but three hundred, a year later it had grown to five hundred and twenty-six. The present list is incomplete due to the fact that some laboratories refuse to allow their names to be used and others decline to answer correspondence.

In discussing research work *Industrial and Engineering Chemistry* points out that "mere numbers are not necessarily a true indication of the growth of research. However, it is one of the standards, and although we prefer to judge by results, in some cases we must wait for years before the complete measure can be recorded." In discussing the list published by the National Research Council the magazine points out:

"The book is useful in many ways, particularly in affording means for various research groups to gain better information regarding those whose work may be coordinated with their own or whose results will be of special noncompeting interest. Some duplication may thus be avoided, some lines of attack strengthened, and results obtained in less time and with a smaller expenditure. It is a ready reference to our directors of research and from the standpoint of industry constitutes an honor roll to which, however, should be added the laboratories of federal, state, and municipal governments, certain educational institutions, and the concerns supporting research though not actually maintaining laboratories in their own establishments.

"One of these days it will be as important for industry to be listed in such a bulletin as it now is to maintain a favorable rating in *Dun* or *Bradstreet*."

The paint and varnish industry feels that it can render better service to the consumers of its products according to *Oil, Paint and Drug Reporter* by studying distribution. To this end it is proposed that manufacturers,

distributors, retailers, and master painters co-operate in the establishment of a bureau of business research.

"The wholesale drug trade has already proved the benefits of such co-operation and the National Wholesale Druggists' Association at its recent convention voted unanimously to increase its efforts in the furtherance of the Druggists' Research Bureau.

"Research, which is but study under a more impressive name, is advanced on all sides by economists as the sole means of assuring the continued progress of industry. Research has done much for the production side of industry, to which it has been rather strenuously applied in recent years. It can do as much for the distributive side."

Relation of Grandstand Plays to Good Business

THE ACTION of the Federal Reserve Board at Washington in the matter of the Chicago discount rate is used by *Barron's* to attack the whole structure of bureaucracy.

"It was that kind of grandstand play so intolerably frequent with bureaucracy, and so plainly witnessing to sheer incompetence. Any reader who has watched a baseball game will have noticed how the crowd cheers the wrong thing. Indeed, there is a great deal in King George's criticism that 'the better the game is played, the duller it is.'

"An inexperienced ball player will run backwards and sideways and bring off what to the admiring crowd looks like an astonishingly difficult catch. But the old hand will estimate the parabola of the 'fly' and walk to the right spot so that the catch looks so simple that nobody cheers. That is the way to win baseball games and pennants.

"There you have the difference between the government official, dear at a few thousand dollars a year, regulating business which is only successfully conducted with \$50,000 brains, and a competent administrator like the late Judge Gary. It is the difference between government ownership and the competitive private enterprise, all over the world.

"It is a wonderful sight to see a race horse galloping at full speed—but not hurrying. It is a wonderful sight to see the Federal Trade Commission hurrying, at a speed of four hours a mile. The bureaucrat is bad enough, but the temptation of the grandstand play makes him insufferable."

Commercial Possibility of Cornstalks for Cellulose

THE GREAT obstacle to the utilization of farm wastes for industrial products has been their location. There has never been enough waste in one place to make it profitable to establish a plant for its conversion into products usable by industry. However, we find in *Prairie Farmer* an editorial commenting on the fact that one company has worked out a process by which it can afford to pay farmers \$5 an acre for cornstalks. The company will collect and haul the stalks to the factory, where they will be converted into cellulose for making rayon. Commenting on this development the editorial says:

"It is probable that within a very few years the Cornstalk Products Company will establish plants throughout the corn belt similar to the one at Danville, providing a large source of new revenue to the farmers of the corn belt. The demand for cellulose manufacturing is almost unlimited. It seems probable, too, that this source of raw material will bring a number of paper and rayon factories to Illinois. Already several rayon

manufacturers are considering the question of establishing plants in Danville and other Illinois cities."

Another interesting development in agriculture is indicated by a study made by the Iowa State College of production costs on 21 farms in Iowa County. About the only moral that can be drawn from this study is that farm costs vary tremendously. A glance at these figures makes one skeptical of all statements made about the costs of raising any crop. Too many different factors enter into the question to make it possible to say that any figure is the cost of raising any crop throughout the United States. A discussion of the State College's report in the *Iowa Homestead* points out that:

"The agricultural economics department of Iowa State College has been gathering complete statistical information concerning cost of production of all crops and livestock on 21 farms in Iowa County and has ascertained the gross net income per farm for the last two years—1925 and 1926.

"It is not our purpose at this time to discuss these farm incomes as a whole, but rather the figures pertaining to pork production. These 21 farms are not supposed to represent average farms for the county, but rather they are thought to be somewhat above the average in management efficiency. Even so the figures present rather large cost variations.

"The lowest cost was \$7.20 last year, and the highest, \$17.66 per 100 pounds of pork produced. It scarcely seems possible that there could be such a wide variation on well managed farms, yet these are figures that come from accurate records and cannot be doubted.

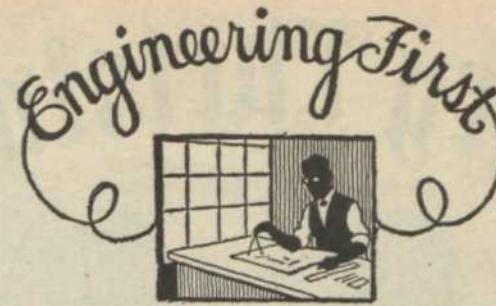
"These figures contain some valuable lessons: First, that with average good care and reasonably good feeding practices, as shown on these 21 farms taken together, 1926 corn brought 97 cents a bushel in the form of pork, while on the farms where the hogs were managed to best advantage the corn brought \$1.54 a bushel for the same purpose. Second, that there is plenty of room, even on reasonably well managed farms, for lowering the cost of pork production."

The change in the selling methods of co-operatives is commented upon by *Wallace's Farmer*. It was one of the cardinal principles of the old Sapiro co-operative plan that each commodity should be organized by itself, but it appears that this scheme doesn't work even in a section where specialty crops are the rule. The editorial comments on this in these words:

"Out in California, where the co-operatives have been working farther and farther away from the Sapiro model, they have been finding that the overhead costs of some of these commodity organizations are entirely too high. Here are the raisin people, for instance, with a complete sales organization selling raisins only; here are the prune people with a complete sales organization selling prunes only.

"Why not double up, create a sales federation, and let one selling agency handle several different lines? This at least is the proposal, and it seems to be getting a fairly good hearing.

"There are, of course, obvious dangers in any program of this sort. If the accounting system is not accurate, and if the managers are not scrupulously fair, there is danger that the cost of handling one product may be paid in part by another. There is always, too, some increased complications when a variety of products are handled together. Yet it would seem that for a good deal of the corn belt a plan which covers a variety of products rather than a single commodity



has enabled many a manufacturer to

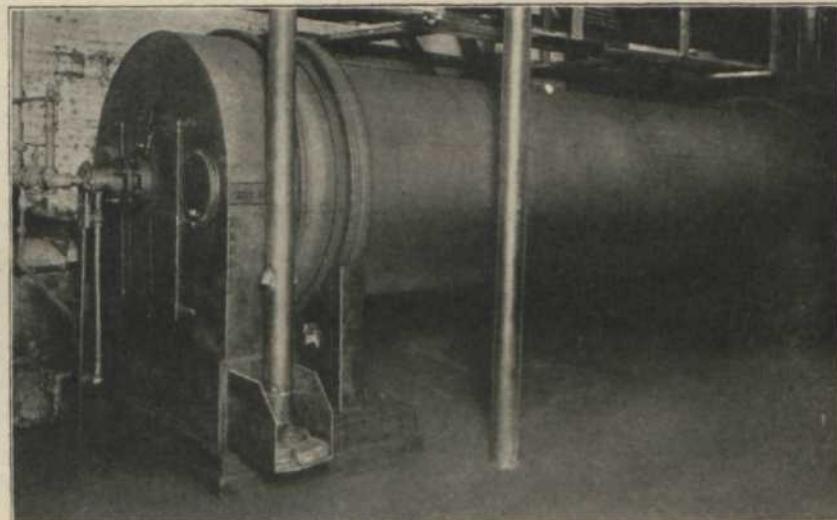
Dry from 5 to 10 Times Faster

at a lower fuel and labor cost

By first making an exhaustive study of their requirements and then suggesting the proper type of Louisville Rotary Dryer, Louisville Drying Engineers have enabled numerous manufacturers to dry organic and inorganic materials 5 to 10 times faster than before.

In many instances fuel expense has been reduced from $\frac{1}{3}$ to $\frac{1}{2}$; the number of attendants required cut to the vanishing point, and uninterrupted factory operation made possible by the *continuous* delivery of dried material.

In addition to drying materials much more thoroughly, rapidly and economically, Louisville Rotary Dryers have other advantages you ought to know. They occupy less space, greatly reduce dust losses and objectionable odors, and give years of service with few, if any, repairs. Without obligation, Louisville Drying Engineers will study your problems and suggest a Louisville Rotary Dryer that will pay for itself again and again. Mail the coupon below for further particulars of this helpful service.



A Louisville Rotary Dryer which has been in continuous service for more than 20 years.

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Mail to Louisville Drying Machinery Co., Hull St. and Baxter Ave., Louisville, Ky., for further particulars of the service offered by Louisville Drying Engineers. No obligation.

Name

Merry Christmas

L. H. HAMILTON



C. H. BEACH



FOR the generous response from electrical appliance manufacturers to our story of vibrationless motors, we desire to express our appreciation and extend, to one and all, heartiest Holiday Greetings.

Fourteen years ago we designed the *first dynamically balanced* motor for use in our Dumore grinders and other motor driven devices. We had no intention then of selling the motor as a separate unit. Urgent requests from users of our other products finally led us to sell motors to a few of them.

This was the beginning of long and mutually profitable connections. Some of these old customers are now using tens of thousands of Dumore motors annually, while the making of motors for manufacturers to use has become the most important part of our business.

If you have a drive problem where the advantages of smoothness, quietness and long life in the motor would be helpful, we invite your request for complete information on Dumore dynamically balanced motors.

L. H. HAMILTON
President

C. H. BEACH
Vice President

WISCONSIN ELECTRIC COMPANY

89 Sixteenth Street

Racine, Wisconsin

When writing to WISCONSIN ELECTRIC COMPANY please mention Nation's Business

is what the situation demands. If the plan of organizing each commodity separately doesn't work in California any too well, it's a cinch it won't work at all in Iowa."

Index Figures Can't Take The Place of Plain Talk

PROTESTS against what might be termed the academic side of business are growing louder. With the growth in the complexity of business there have grown up innumerable systems and the purveyors of theoretical economy have waxed fat. *Export Trade and Finance* calls for plain talk in these words:

"In order that the export salesman may 'mote' in the most productive way he must be 'charged' with an adequate compound of information about the markets in which he is to labor. And one of his considerable difficulties is to obtain a supply of the proper kind of 'gas.'

"But the purveyors of factual power at the mental gas stations to which the export salesman has to go for motive power seem too often to lose sight of what they are on the ground for. Hence the tremendous display of the products of so-called 'economic' research.

"Our impression is that economics is nothing if not a practical science. If its savants lack a practical understanding of the significance of the factual materials with which they are dealing, all is vanity and vexation of spirit. It is as though the man at the gas station had filled up the radiator with eau-de-cologne and the gas tank with water.

"General economic data is about as valuable as nothing at all to the average salesman unless it is accompanied by a set of directions on 'how to use.' The latter essential information is almost invariably lacking in the output of our economic research outfits.

"Economists seem to spend the larger percentage of their time showing off before the other members of their cult, instead of performing their valuable function as advisers to the business community. A casual survey of the stuff which is laid before us as information on foreign market conditions by any economic organization suffices to show what we mean. There is sometimes a reasonable doubt in our mind as to whether the economist himself has the remotest conception of what he is talking about."

Regional Organizations Aid Group Advertising

AMERICANS organize in many ways. Besides trade and technical organizations, there are regional agricultural organizations that take in definite parts of states. In commenting on Southeast Kansas, Inc., *Advertising and Selling* has this to say:

"This regional 'combine' was organized in March, 1926. It embraces nine counties in Southeast Kansas, with headquarters at Parsons, Kans. Its function thus far has been primarily development of the poultry and egg business. Commercial hatcheries are being established in almost every community within these nine counties. And the car loadings from this district are increasing fast, carrying poultry and eggs to eastern markets.

"Such developments are of considerable interest to many advertisers. They give rise to new marketing problems and they open up more active markets for many of the comforts and conveniences of life. Southeastern Kansas, for instance, should already be a better market for hundreds of advertised products than it was before the farmers

of that region were organized to secure a larger and steadier income from a greater output of poultry and eggs—produced at lower costs through more intelligent handling of their production as well as their marketing problems.

"Incidentally, regional organization of this kind lifts competition up into the plane where group advertising can be profitably employed."

Newspaper Publishers Face a Chain Ownership Problem

"THE TREND to chain ownership is unmistakable," writes Silas Bent in the November *Century*, in an article entitled "Adding One Newspaper to Another." The article continues: "In the four years, 1923-1927, the number of chains doubled and the number of newspapers so controlled, increased by more than 50 per cent. There is an economic cause for this, and it is not far to seek. Large purchases of the principal raw material, newsprint; the higher executive salaries made possible by group management, and the economies in the production of entertainment features, give to this form of ownership distinct advantages."

"The fear that such growths may choke out all other publications seems, for the present, at least, as little founded as was the fear that chain shops would do away altogether with small individual shops."

Mr. Bent takes as an example of chain growth the Scripps-Howard group of newspapers, which, while conducted as a business enterprise, yet gives its editors a wide latitude of expression and enterprise.

Defense of City Expenses As Not Unreasonably High

TAXES are often subject to attack on account of their quantity. In such a discussion little attention is paid to what they are being used for. Frederick Uthoff comes to the defense of municipal expenditures in *Philadelphia*. He points out that expenditures have increased for two reasons: First, because we are demanding more and more services from our city governments, and secondly, because the purchasing power of the dollar is considerably less than before the World War.

"The truth is that municipal expenditures only apparently have shown a considerable increase since 1913. Where they have actually increased investigation will show that the increase has been not only justified but inevitable to meet the needs of citizens.

"More than 40,000,000 people are now residents of cities. In fact, those cities which have populations of 30,000 or more house nearly one-third of the population of the United States. This increase has in itself created the need for many more functions of city government and the intensification of existing functions.

"It is not to be expected that all the departments of the city government will operate as efficiently as an automobile factory. Honesty and reasonable efficiency we have a right to expect from public service. We know also that not every large private industry operates at the maximum efficiency. At least the percentage of failures would lead us to think so.

"The amount spent per capita in 1913 was \$32.46. In 1923 this had risen to \$68.99 per capita, apparently an increase of 112 per cent. To understand fully this increase, however, we must study the changes that occurred during the years between 1913 and 1925. In 1914 began a world war that lasted



Why Theorize About It?

They were discussing the relative merits of adding and calculating machines.

"You'll admit," insisted the salesman, "that our machine has a world reputation for excellence, second to none."

"Yes," assented the Office Manager, "still this other machine has its advantages—its good points, too."

"Certainly," agreed the salesman, "they all have; but to try to determine the value of a machine for your job by discussing its good points is utterly futile. It gets you nowhere."

"You will agree, of course, that all the advantages—all the points of excellence—all the good points, of any figuring machine are worth just what they contribute to its productive

capacity—no more—no less.

"Which means that the only true and definite measure of what they contribute is production.

"Therefore, the logical way to get at the real economic value of any adding-calculating machine is to insist on a timed production test on a cross-section of your Billing, Inventory, Payroll, Cost Figuring, Auditing or any other work in your office. You can be sure that the sum total of all the good points of a machine will appear in the result.

"So why theorize about it? Let production decide it."

A Comptometer man is always willing to accept the decision of a timed production test on your work, in competition or otherwise.

FELT & TARRANT MFG. CO.

1712 N. Paulina St., CHICAGO, ILLINOIS

Only the
Comptometer
has the
Controlled-key
safeguard

If not made by
Felt & Tarrant
it's not a
Comptometer

CONTROLLED KEY
Comptometer
REG. TRADE MARK
ADDING AND CALCULATING MACHINE

Concentrated Resources

New Orleans is a primary market for basic commodities of many kinds. Within 50 or 100 miles of this city are produced almost unlimited quantities of Cotton, Salt, Sugar, Oil, Lumber, Rosin, and Turpentine. Not Louisiana, or the South, or a vast territory which requires hauling and handling, but New Orleans itself is the great market for these commodities.

This World Port also taps the sources of supply from Central and South America, Europe, Africa; and through the Panama Canal—the Orient. A plant located at this city will be located at a major source of supply.

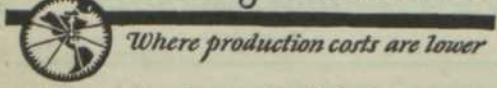
As a primary market for raw materials, which means a constant and sure supply at the least possible price; as a transportation center for the quick distribution of manufactured goods; as a labor center where labor is plentiful and cheap—all combined with the fact that it is a great metropolis and the gateway to Latin America—this city offers unusual opportunities to the progressive manufacturer.

New Orleans invites capital to establish new industries, or to work with local capitalists.

Write for information. Address Room 202.



**NEW ORLEANS
ASSOCIATION of COMMERCE**



Where production costs are lower

five years. Financial standards all over the world were upset. In the United States, our own dollar depreciated, until in 1920 it was worth less than half as much as in 1913.

"The year 1913 is most frequently taken in government reports as representing the normal pre-war annual period. While the purchasing power of the dollar decreased, our cities had to function as usual even though in 1920 they would have had to spend twice as much to carry on the same amount of work and render the same service as in 1913; but the very real attempt to economize was noticeable, for the per capita expenditures in 1920 reported from 146 cities was only \$35.58. Improvements and even ordinary services were curtailed.

"Also during 1917, 1918 and 1919, public and private improvements were postponed in order to push the manufacture of ammunition and military supplies. In these years, too, the cities were spending very nearly the same amount per capita as in 1913, but actually purchasing in goods and service, very much less."

Retail Census Figures Show Place of Department Store

THE *Retail Ledger*, in publishing the figures of the Census of Distribution conducted by the Domestic Distribution Department of the National Chamber, had this to say:

"These figures present for the first time in the history of American retailing a picture which even approaches accuracy with respect to the details of retail distribution in various lines.

"While there are, unfortunately, a number of omissions and palpable inaccuracies in this picture—due principally to the failure of some stores to keep accurate, detailed records of their sales—the complex structure of retailing as a whole is brought into sharp focus, with the result that the dominance of the larger, departmentalized store in all lines of business is even more strongly apparent than before. This further establishes the fact of public preference for the large, well-equipped, well-stocked store, with a broad display of diversified merchandise, as contrasted to the side-street store still operating along outworn lines.

"Examination of the sales figures in connection with practically every line of merchandise serves to indicate the preponderance of sales made through what are manifestly the more progressive stores of the city, thus providing additional proof that the major portion of sales possibilities are confined to a comparatively small number of outlets. Taken in conjunction with the figures in the preliminary report on the Baltimore retail situation showing that departmentalized stores in that city do 27.98 per cent of the business there—including even such items as automobiles, gasoline, coal, ice and other things not ordinarily handled by stores of this type, this shows plainly the continually growing importance of stores of this nature in the scheme of distribution."

Can Art and Industry Harmonize their Aims?

HOW CAN art and industry co-operate to improve the products of industry? This question is asked by Richard F. Bach in a bulletin of the Metropolitan Museum. He answers with certain definite recommendations.

"It is the chief fault of discussions regarding the present status of art in industry and commerce that blame is too readily fastened

upon but one agent in a situation involving several.

"Manufacturer, dealer, school of design, and the purchasing public all are parties to what has been termed a conspiracy against public taste. It must first be recognized that each of these must take stock of its sins, which are chiefly those of omission, and of its virtues, which are chiefly of the passive variety."

Furthermore, Mr. Bach points out, the remedy must be put into operation slowly. No violent measures can be taken for fear of crippling the patient. Schools and students should get an insight into the practical problems that face industry. Manufacturers should help in this process. Dealers should educate their own tastes and then that of the public with which they come in contact. What, though, is particularly interesting is the view that Mr. Bach takes of the craftsman and the machine. He writes:

"In the whirr of modern machinery the craftsman is often lost sight of; in part this is his own fault. He cannot compete with the machine; his greatest asset is to know this. But he can control the machine! If he wishes to remain a craftsman in the true sense the world will call him blessed. But if he cannot afford to do this, let him turn his craftsman's training to productive use by working in a factory.

"This is not heresy, for the modern factory differs not in purpose, only in method, from the old *bottega*. A loom is still a loom, no matter how complex or by what power driven; if design is lacking it is the fault of those who own and operate the loom or who buy its products. The craftsman can aid the manufacturer and so help us all by designing for these machines, making in the round as well as on paper that first model whose form is to be reproduced in mass. Industry is not the enemy of craftsmen; it is their great opportunity."

Is the Public Always Right? Honesty with Reservations

THE *BOOT AND SHOE RECORDER* editorializes on a problem that is not confined alone to the trade it represents. Many merchants are wondering what to do about the returned goods evil. Here is a trade paper's views:

"A great merchant back in the days when honesty was a general term applicable to 99 per cent of the public, coined the phrase 'The public is always right.' Then followed years of pleasant friendship with the public, wherein the return of merchandise was usually 'for cause.' Those were the days when law was law, liberty was liberty, and honesty was real honesty.

"Retail organizations because in the past they had made a success by the policy of accepting any and all return goods from the public, came to be of the fixed mind that that policy should never be changed.

"But what are we facing today?—honesty with reservations. The woman who wouldn't think of stealing a postage stamp buys goods that she knows she will return. She wears them a day, a week or a month, and back go the goods, and no article of a store's sale is returned more often than shoes.

"It is time that something were done towards correcting a policy which encourages public dishonesty. The clerks of one big shoe store have on record some fifteen women who have not purchased more than a pair of new shoes a year, and have a reputation of taking out and wearing for short periods as many as twenty pairs. They do it boldly in the knowledge that the house's policy is 'Anything the public says is right.'"

Dignity

Never negative—never
the dignity of emptiness
—never the dignity of
futility, but always the
positive, purposeful,
dynamic dignity of ac-
complishment.

The
San Francisco Chronicle



THE "FEEL" OF IT

Most people when they pick up a letter, unconsciously "feel" the texture of the paper.

Even though they have very little technical knowledge of papers, their fingers tell them, here is a cheap paper, here is a good paper, and this one must be about the best there is.

And whether they realize it or not, business men are very likely to judge any firm by the quality of its letter-head.

If you use Crane's Bond you are using a paper which will rate your firm very high. For it is a strong, crisp and tough paper. Made of 100% new white rags.

It has the "feel" of the very high quality paper it is.

May we send you portfolios of specimen letter-heads which show how fine design and all rag paper will get a greater value from your business stationery? Write for it now.

Crane's Bond

A 100% NEW WHITE RAG BUSINESS PAPER

CRANE & COMPANY · DALTON, MASS.

When writing to CRANE & COMPANY please mention Nation's Business

On the Business Bookshelf

Credit Bureau Management, by J. R. Truesdale. Prentice Hall, Inc., New York, 1927.

Up to the time of the publication of this book there has been no complete work on credit bureaus. This book is a very complete study of all phases of the credit bureau, its organization, operation, and relation to the business community. Mr. Truesdale is well fitted for the task because as Secretary-Treasurer of the Credit-Service Exchange Division of the Retail Credit Men's National Association he has been in constant contact with the work of some fourteen hundred credit bureaus.

In 1900 there were but fifty retail credit reporting services, in 1918 the number had grown to two hundred and fifty and today there are some fourteen hundred. Even the smallest towns often have them.

Mr. Truesdale's purpose in writing the book is expressed in these words:

"The crying need of business today is not less credit, for credit is a business accelerator, but more intelligent credit. To meet this demand; to attain greater efficiency in credit bureau administration, and to assist unorganized cities in starting credit bureaus, explains, briefly, the existence of this book. It records the experience of the older and more successful bureaus and also provides a complete set of credit forms."

Such questions as the organization, ownership and control of the new bureau, the services it renders, the physical equipment, how it is financed, the securing of information, the bulletin and collection service, the operative details, and affiliation with state and national associations are discussed thoroughly. The book while presenting the technique of bureau management is nevertheless written in such a way that those with a more general interest will find it interesting and profitable.

The History of the Silk Dyeing Industry in the United States. Edited by Albert H. Heusser. Silk Dyers' Association of America, Paterson, N. J., 1927.

This volume was written to record and recognize the constructive efforts of the many capable and serious men who laid the foundations of one of America's great industries.

The first five chapters are full of such touches as Oriental origins, Egyptian weavers and dyers, dyeing in classical Greece, Tyrian purple, Pompeii and its dyers, Justinian and the Byzantine empire, Charlemagne, Moslem conquest, Italy, Louis XIV, Elizabethan "Age of Discovery," Lyons, Turkish empire, China and Japan.

After this interesting historical introduction, an amply illustrated history of the American industry is given. Many outside, as well as members of the industry will find something of interest in this book.

Industrial Prosperity and the Farmer, by Russell C. Engberg. The Macmillan Company, New York, 1927. \$2.50.

An exposition of the relationships between fluctuations in industrial activity—the so-called "business cycles"—and agricultural prosperity. The author concludes that, although business cycles in the United States have some effect upon the demand for and, therefore, the prices of agricultural products, such effects are unimportant in comparison with fluctuations in the supplies of these products.

In this book the term "business cycle" is

applied to the ordinary cycles of business activity, such as reached a peak in 1907, 1910 and 1923. There is no detailed discussion of the effects upon agriculture of major inflations and deflations which accompany and follow great wars.

Of particular interest are the sections dealing with the response of farmers to price changes. In general there is a tendency to increase production following high prices and to decrease production following low prices, but other factors often serve to alter or even to nullify these tendencies.

The author advises against an agricultural production program designed to take advantage of business cycles.

The Industrial Transition in Japan, by Maurice Holland. National Research Council and Japan Society, New York, 1927.

"Transition is the keynote of life in present-day Japan." Such is the theme of this monograph by Maurice Holland, Director, Division of Engineering and Industrial Research, National Research Council.

America is the customer for ninety per cent of the silk produced in Japan. "The price of United States Steel Common on the New York Stock Exchange is infinitely more important to the economic well-being of Japan than the current quotation of the yen by local banks."

The Japanese eat ten pounds of fish to one of meat, reversing the American ratio. The fisheries industry, says the author, compares favorably with the American meat industry in magnitude and economy of operation.

RECENT BOOKS RECEIVED

American Loans to Germany, by Robert R. Kuczynsky. The Macmillan Company, New York, 1927. \$3.

Annual Report of the Industrial Commissioner of the State of New York. J. B. Lyon Company, Printers, Albany, 1927.

The Building-and-Loan Association, by Robert Riegel and J. Russell Doubman. John Wiley & Sons, Inc., New York, 1927. \$3.

The Directory of Commercial Photographers. The Commercial Photographer, Cleveland, Ohio, 1927. Free on request to publisher.

The Fiscal Problem in Illinois. National Industrial Conference Board, Inc., New York, 1927. \$2.50.

Free Trade, the Tariff and Reciprocity, by F. W. Taussig. The Macmillan Company, New York, 1927.

Fundamentals in Real Estate, by Blake Snyder and Ralph West Roby. Harper & Brothers, Publishers, New York, 1927. \$3.

The General Accounting Office, by Darrell Hevenor Smith. The Johns Hopkins Press, Baltimore, Md., 1927. \$1.50.

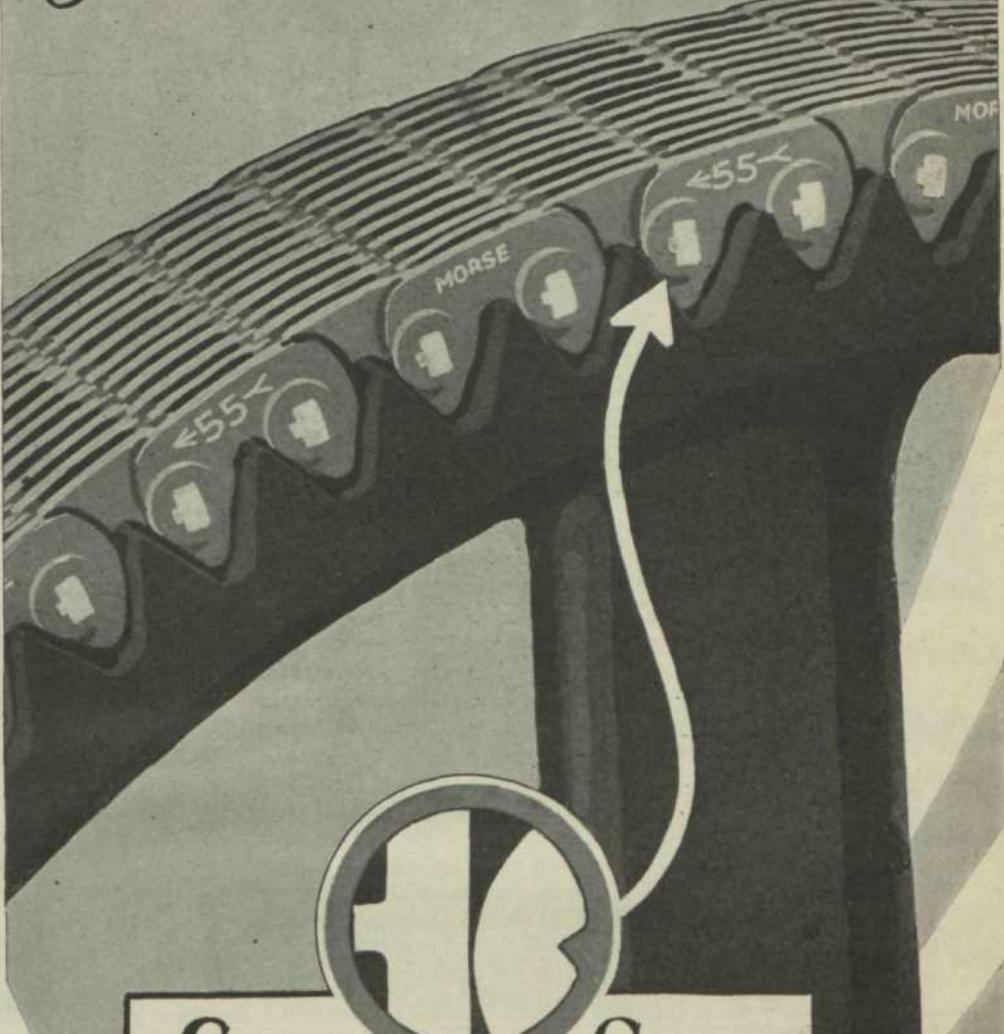
Industry's Coming of Age, by Rexford Guy Tugwell. Harcourt, Brace and Company, New York, 1927. \$2.

The Legal Status of Agricultural Cooperation, by Edwin G. Nourse. The Macmillan Company, New York, 1927. \$3.

1927 Conference, National Association of Office Managers. F. L. Rowland, Fort Wayne, Ind., 1927. \$2.75.

Rudiments of Economics, by William Wallace Hewett. Thomas Y. Crowell Co., New York, 1927. \$1.75.

To serve Industry still better



Extra Years of Service

MORSE Silent Chain Drives always have been noted for their dependability and long life. Many installed 15 and 20 years ago are still operating satisfactorily.

The Morse Chain Company now announce refinements in the design of chain—the new design is known as No. 55 type.

This new design provides a better balanced joint, which has materially reduced the wear, and this means added chain life.

Now, with the new and improved Morse Rocker Joint, extra years of service are added to Morse Chains. Changes in the contour of the rocker pin and an increase in cross section of seat pin have made a joint, more rugged and sturdy, 8% heavier, and with an increase of 50% in breaking strength.

**MORSE CHAIN COMPANY
ITHACA, N. Y., U. S. A.**

Atlanta, Ga. Baltimore, Md. Birmingham, Ala. Boston, Mass. Buffalo, N. Y. Charlotte, N. C. Chicago, Ill. Cleveland, Ohio. Denver, Colo. Detroit, Mich. Louisville, Ky. Minneapolis, Minn. New Orleans, La. New York, N. Y. Omaha, Neb. Philadelphia, Pa. Pittsburgh, Pa. San Francisco, Calif. St. Louis, Mo. Toronto, 2, Ont., Can. Winnipeg, Man., Can.

MORSE SILENT CHAIN DRIVES

COME TO THE LAND OF SPORT

hawaii



*For the U. S. Chamber of Commerce
meeting Feb. 8th & 9th*



To take you there and bring you back—the swiftest, most luxurious vessel ever built in the United States—the great MALOLO—with 150 private baths, Pompeian swimming plunge, seven decks, two motion picture theatres, gymnasium, ballroom—the greatest floating hotel ever conceived.

PLAY the Royal Hawaiian golf course with its holes designed after famous courses the world over. Swim in mid-winter on famous Waikiki, see for yourself the volcano at Hilo, the moon over Diamond Head. Stay at the Royal Hawaiian, one of the most famous hotels of the world, in Honolulu.

There was never a more ideal spot for men to meet than Honolulu. Come this winter. Take the new MALOLO. Her speed brings Hawaii closer than ever before. For example: you can reach Honolulu in only seven days from Chicago.

Special reduced fares to those making the trip to attend the U. S. Chamber of Commerce meeting. The coupon below, addressed to our nearest office, will bring you complete information.

Matson line
THE SHIPS THAT SERVE
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Matson Navigation Company: I am interested in making the trip to Honolulu to attend the Chamber of Commerce meeting. Please send me complete information.

Name

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TRADE ASSOCIATION Assistant Manager

of one of the largest Trade Groups in the country

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Broad Business Experience and Unusual Education; Special Training in Finance.

Acquainted with Government Agencies related to Business.

Effective Organizer. Rated well in Public Speaking.

Age, 40 years.

For further details, or appointment for interview, address:

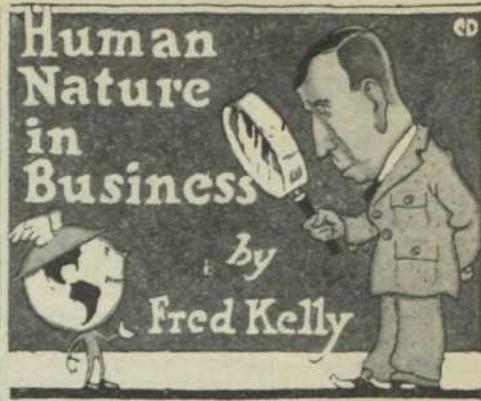
Box 33, NATION'S BUSINESS

Scientific Facts About Diet

A CONDENSED book on diet entitled "Eating for Health and Efficiency" has been published for free distribution by the Health Extension Bureau of Battle Creek, Mich. Contains set of health rules, many of which may be easily followed right at home or while traveling. You will find in this book a wealth of information about food elements and their relation to physical welfare.

This book is for those who wish to keep physically fit and maintain normal weight. Not intended as a guide for chronic invalids as all such cases require the care of a competent physician. Name and address on card will bring it without cost or obligation.

HEALTH EXTENSION BUREAU
SUITE G-438 * GOOD HEALTH BLDG.
BATTLE CREEK, MICHIGAN



I RECENTLY asked a famous merchant for the real secret of his becoming a multi-millionaire.

"Aside from having had good breaks of luck," he modestly replied, "I have probably gained something from a lifelong habit of avoiding unnecessary annoyances that contribute nothing to my business. Even when I was earning only \$2 a week, I never counted my laundry before sending it. I have never counted laundry in my life. Perhaps I have lost a shirt or a collar now and then, but I feel sure that the time gained, as well as the mental freedom from such boresome trivialities, has helped me to concentrate on problems of greater importance."

I PRAISED the officer of the great French liner *Paris* for the startling excellence of the food.

"You Americans have good food at home," he remarked, "but your cooks often overlook an opportunity in not trying just as hard to make it look beautiful as to have it taste well."

Then he took me back to the dining salon to show me a fish marvellously decorated



all over its side with flowers made out of mint leaves, and bits of white or yellow of an egg. It had taken the time of one man an entire afternoon.

"But," asked the French officer, "isn't it just as important for a restaurant to please the eye as the palate? To make food merely edible and no more—that is the way one feeds cattle."

And I wondered if American white-tiled restaurants could make any more money if their food were to look prettier.

THE BEST imitation of home cooking I have found is in a little white-tiled restaurant in a western city. So surprisingly good is the food that I made inquiries about the proprietor and his methods. It seems that he introduced a brand new idea in restaurant architecture. The average man who fits up an eating place puts most of his money into dining-room decorations. The kitchen, because it doesn't show, is de-

signed as cheaply as possible. In this place customers must eat in the plainest kind of surroundings, but the kitchen is so spacious and well equipped that the proprietor can give wonderfully quick service as well as properly prepared food. Because his restaurants aren't merely *all front*, this man, I'm told, is making a fortune.

IN VENICE recently I was amazed to find that insulting a customer is still considered a legitimate business practice. I went to a store to buy a roll of films.

"What? Only one roll?" asked the clerk contemptuously.

In several other shops I encountered the



same attitude of disgust and courtesy because my purchase wasn't larger.

BUSINESS decency was evidently unusual in the smaller shops of Venice, so much so that an honest shopkeeper was a marked man.

I inquired at my hotel about a certain art store.

"Oh, yes," responded the hotel clerk. "I know the place you mean. The man is said to be honest."

Perhaps the honest art dealer could have charged a little more for everything, in return for being truthful, and made a graft of honesty.

IN SHARP contrast to Venetian methods was the French way of following one to the front door of a shop, chattering charming, polite phrases. Even in a large department store, where I returned a second time, after a few days, to the same counter, the clerk greeted me as if we had been old buddies.

I LEARNED that it is hardly good etiquette to state one's wants to a French clerk, even in a barroom, before greeting him with at least a cordial nod, and that



he would feel humiliated if a customer left without a parting *au revoir*. The French feel that a business transaction, no matter how small, should be also a friendly social relation.

BY MERE chance I happen to know that a certain member of President Coolidge's cabinet recently bought seven dozen shirts. I doubt if I'll ever feel the same toward that man again. There must be something wrong with a man who wants the bother of keeping tab on seven dozen shirts. What can he gain by having more



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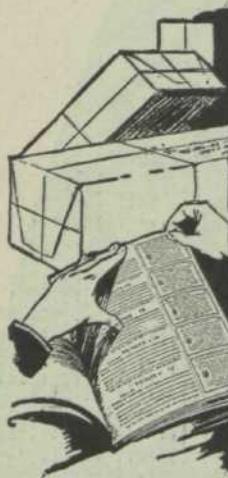


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Send that check to your local association today. Put the seals on your Christmas mail and packages and spread their message of health and happiness.

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shirts than he needs? If his judgment is no better than that about shirts, it may conceivably be equally unsound at times in affairs of state.

I DON'T know when a store has made such a hit with me as recently when I received 20 cents in stamps from a shop to cover the cost of a long-distance phone call to order a small bill of goods. I had not asked for a refund of my phone charges or even intimated that such a refund would be pleasing. Somebody in the store evidently looks into every little thing and somehow sensed my Scotch characteristics.

THE HEAD of a big fire insurance company tells me that weather and other conditions have much less to do with fire losses than the general business situation. When everybody is prosperous, there are comparatively few fires. But when busi-



ness is hit by hard times, then warehouses, stores, and even dwelling places somehow begin to blaze up. This may sound pessimistic, but my insurance friend declares that business ethics can stand just so much strain.

Statement of Ownership

STATEMENT of the Ownership, Management, Circulation, etc., required by the Act of Congress of August 24, 1912, of Nation's Business, published monthly at Washington, D. C., for October, 1927.

City of Washington, District of Columbia, ss. Before me, a Notary Public in and for the State and county aforesaid, personally appeared Merle Thorpe, who, having been duly sworn according to law, deposes and says that he is the Editor of Nation's Business and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business manager are: Publisher, Chamber of Commerce of the United States, Washington, D. C.; Editor, Merle Thorpe, Washington, D. C.; Managing Editor, J. W. Bishop, Washington, D. C.; Business Manager, J. B. Wyckoff, Washington, D. C.

2. That the owner is: Chamber of Commerce of the United States of America, said body being an incorporated organization under the laws of the District of Columbia, its activities being governed by a Board of Directors.

The officers are as follows:

President, Lewis E. Pierson, Chairman of Board, American Exchange Irving Trust Company, New York, N. Y.; Vice Presidents, A. J. Broseau, President, Mack Trucks, Inc., 25 Broadway, New York, N. Y.; William Butterworth, President, Deere & Company, Moline, Illinois; Robert R. Ellis, President, The Hessig-Ellis Drug Co., Memphis, Tenn.; Paul Shoup, Executive Vice President, Southern Pacific Company, San Francisco, California. Treasurer, John Joy Edison, Chairman of the Board, Washington Loan and Trust Co., Washington, D. C. Secretary, D. A. Skinner, U. S. Chamber of Commerce, Washington, D. C.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

Merle Thorpe, Editor.
Sworn to and subscribed before me this 24th day of September, 1927.

(Seal)
Form 3526—Ed. 1924.

WALTER HARTLEY,
Notary Public.

District of Columbia.

(My commission expires September 10, 1932.)

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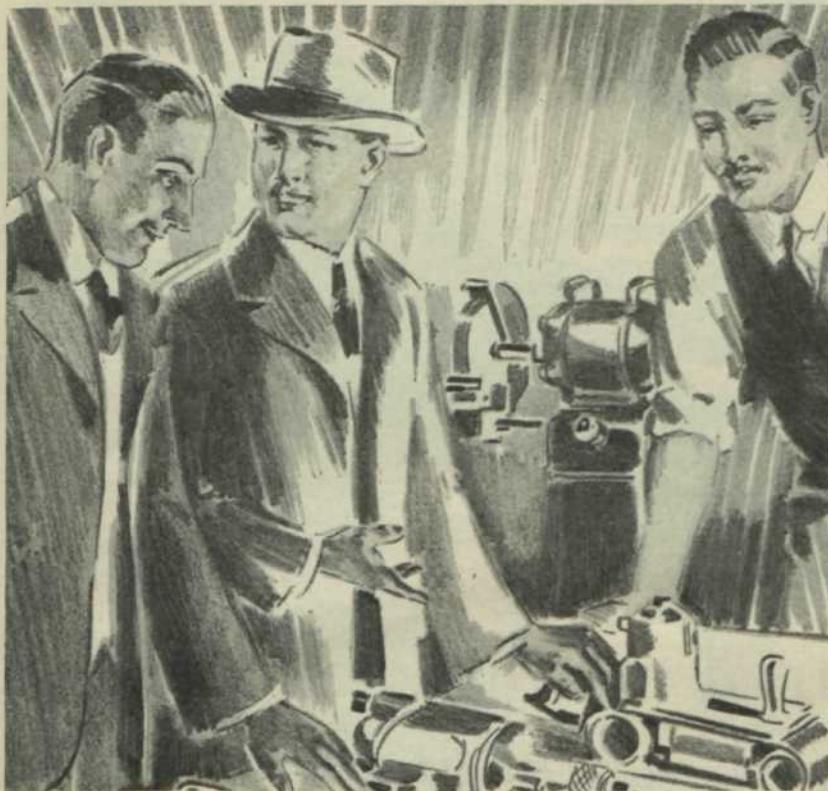
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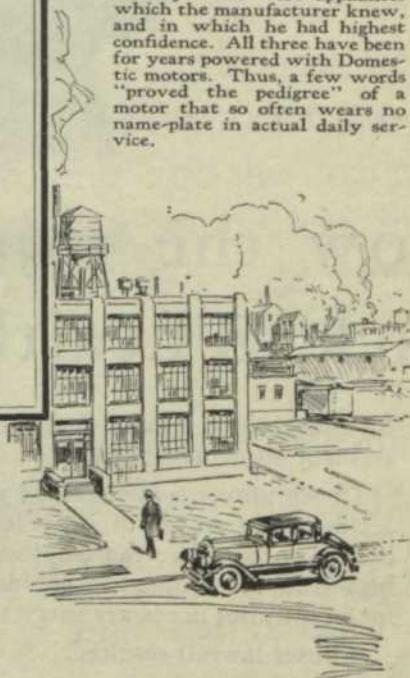
The "Nameless" Motor that Proved its Pedigree.....



THE holder of patents for a commercial appliance contracted with the Domestic Electric Company for motors, and with another manufacturer to build the appliance itself.

Production was started and first deliveries were under way when a Domestic representative made a "get-acquainted" call on the appliance manufacturer. Naturally the latter asked questions about the Domestic organization—its product, experience, standards of manufacture, and guarantees of dependability.

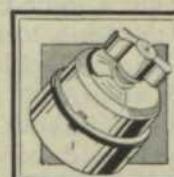
By way of answer the Domestic representative pointed to three appliances, bearing famous names, which chanced to stand near-by. All were appliances which the manufacturer knew, and in which he had highest confidence. All three have been for years powered with Domestic motors. Thus, a few words "proved the pedigree" of a motor that so often wears no name-plate in actual daily service.



MORE often than not, a Domestic Electric motor loses its identity as soon as it is installed, and becomes, so far as the final user is concerned, a "nameless" motor—part of the appliance in which it serves. This is as it should be. Dependable motor performance rightly reacts first to the benefit of the appliance manufacturer, and through him to the credit of the Domestic Electric Company. We gladly assume responsibility for correct applica-

tion, faultless workmanship and efficient operation. We are content that our reward shall come in the form of recognition from the appliance builder, based upon the satisfaction of his customers. In other words, the Domestic Electric organization functions as a department of any business it serves. A line of inquiry will bring information on any problem involving the manufacture or sale of appliances powered with fractional horsepower motors.

THE DOMESTIC ELECTRIC COMPANY
7209-25 St. Clair Avenue CLEVELAND, OHIO



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••• LITTLE DRAMAS IN THE LIFE OF A GREAT NEWSPAPER SYSTEM •••

PAINTED FOR SCRIPPS-HOWARD NEWSPAPERS
BY SAUL TEPPER

How the injured employee is nursed back to health . . . *without financial loss*

An employee in a small Ohio shop met with an accident at his work bench.

The employer, a fair-minded man, felt that the accident was an act of Providence. He gladly offered to continue the employee's pay during his lay-off, but claimed he couldn't afford to pay for a costly but necessary surgical operation.

A bitter lawsuit resulted.

"Why not a joint Employers' Fund, administered by the State, to take care of such cases?" a public-spirited legislator suggested. "Let each employer contribute a modest premium each year. And thus, both employer and employee will be protected from heavy individual money losses when accident strikes."

The SCRIPPS-HOWARD Newspapers took up the idea and sponsored it insistently and continuously until the Workman's Compensation Act became an Ohio law.

At first, Capital opposed the plan on the ground that it was confiscatory and an invasion of private rights. But today, there isn't a business man in Ohio who doesn't regard the Workman's Compensation Act not only as humane and wholesome, but as sound business protection.

The SCRIPPS-HOWARD Newspapers are not narrow partisans of either Capital or Labor. They are jealous guardians of the rights of the general public whenever those rights are blocked or threatened by entrenched power.

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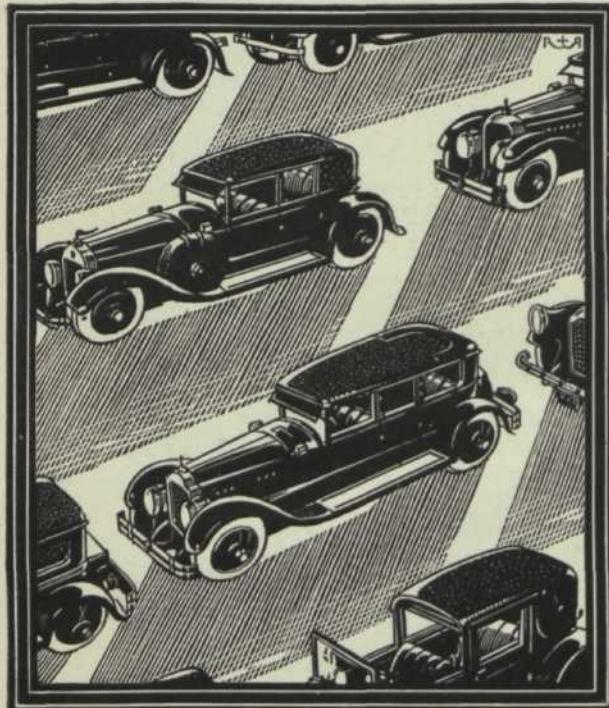
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